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Y 4. AP 6/1:F 76/6/997/
PT. 1
Foreign Operations, Export Financin... INGS

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS
FOR 1997 AND SUPPLEMENTAL FOR 1996**

Y 4. AP 6/1:F 76/6/997/

PT. 1

Foreign Operations, Export Financin... INGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
SECOND SESSION**

**SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS**

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

CHARLES FLICKNER, WILLIAM B. INGLEE, and JOHN SHANK, *Staff Assistants*,
LORI MAES, *Administrative Aide*

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WASHINGTON : 1996

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FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIA- TIONS FOR 1997 AND SUPPLEMENTAL FOR 1996

WEDNESDAY, MARCH 6, 1996.

JORDAN ARMS TRANSFERS

WITNESSES

**WALTER B. SLOCOMBE, UNDER SECRETARY OF DEFENSE FOR POLICY,
DEPARTMENT OF DEFENSE**

**ROBERT H. PELLETREAU, ASSISTANT SECRETARY OF STATE [NEA],
DEPARTMENT OF STATE**

CHAIRMAN'S OPENING STATEMENT

Mr. CALLAHAN. Gentlemen and members of the subcommittee, this afternoon the subcommittee will receive testimony from two senior administration officials regarding the President's proposed transfer of 16 F-16 fighter aircraft to the Government of Jordan at a cost of some \$200,000,000 to the American taxpayer.

Given the recent tragic events in the Middle East, I believe our hearing today is particularly important and timely for a variety of reasons. On the one hand, this proposal has important foreign policy implications. At the same time, it also raises equally important questions of fiscal responsibility. Unfortunately, it also seems to be another troubling example of the Administration's use of the defense budget for nondefense purposes.

Finally, this proposal once again highlights the continued failure of the Administration to consult fully and openly with Congress before making multimillion dollar commitments to foreign governments. In reading the prepared remarks of our witnesses, I was struck at the similarity in testimony on Jordan provided last year.

I would like to remind the witnesses that last year at the President's strong urging the Congress provided \$275,000,000 to forgive nearly \$500,000,000 in Jordanian debt. The Congress also approved a \$100,000,000 drawdown of DOD stocks for Jordan and \$30,000,000 in foreign military grants. This occurred even as the subcommittee was reducing the foreign operations budget by nearly 11 percent. Jordan is doing extremely well.

This brings me to my first point, the question of fiscal responsibility. At what point does the Administration intend to say, "That is enough?" We all know that Jordan is an important participant in the Middle East peace process. But we also know that Uncle Sam's pockets are not bottomless. Balancing the budget requires judicious use of scarce resources. I think it is time for the Adminis-

tration to seriously consider alternatives to what appears to be a checkbook diplomacy in the Middle East.

My second point goes to an issue which is sure to be raised by my colleague, Mr. Young, who Chairs the Defense Subcommittee. There now appears to be a disturbing trend emerging in the Administration. It seems that the President is using the increase in defense dollars provided by the Congress this year for just about everything but defense.

In addition to the \$140,000,000 for Jordan, the President wants us to use \$200,000,000 in defense dollars for foreign aid to Bosnia. And now there is a rumor floating around that the Administration wants to use a half billion dollars in defense funds for the war on drugs.

I would like to make two points. While these may be worthwhile objectives, funds for these activities should be requested in their appropriate accounts. Secondly, I just returned from Bosnia on Monday night. Our young men there and our forces are doing a terrific job, but it is still a very dangerous place. I want to be able to tell their mothers that they have the best training and equipment available. Second best is not good enough.

Finally, the Democrats and the Republican members of this subcommittee have worked very well together, I believe, and very well with the President I might add. I don't think anyone could disagree with that. In this regard, on behalf of the subcommittee, I have repeatedly asked the Executive Branch to consult with this committee before promising huge sums of money to other governments.

In these tight times of fiscal responsibility, our subcommittee needs to budget these items carefully. But despite my personal request to the Administration, they went ahead and promised another \$200,000,000 to Jordan. We had to read about this in the newspapers, rather than be informed by the administrative branch.

In fact, in the fall, the State Department briefing team told us that there was nothing going on in this area, only to have the Secretary of Defense visit Jordan a month later and offer the F-16s in question. I have been told that the Secretary of State did not know of the Secretary of Defense's mission; did not know that the Secretary of Defense was going to make this offer. I guess we ought to be glad that at least Mrs. O'Leary was not the one in one of her travels that made the promise.

Maybe it is true, but I want you to know one thing. I don't care if you don't tell one another about what your missions are going to be, but I do expect you to tell this subcommittee. And if this practice doesn't change, I will just institute a new Callahan rule: no prior consultation, no money. And I want to emphasize this. We are not going to get caught by surprise anymore.

Before I turn to my distinguished ranking member, Mr. Wilson, I would note that the subcommittee will hear from Secretary Slocombe first and then from Secretary Pelletreau. I want to also tell you that the legislation to handle this request of the Administration has been drafted and is included in the preliminary draft that Congressman Livingston, the Chairman of our full committee, is drafting.

But in my discussions with him, he has agreed that we still can withdraw this section of the aid to Jordan because we don't know

that this is such a crucial emergency at this time—not questioning the merits of the transfer of money. The question is whether or not it should be included in this emergency appropriation.

So I agree with Mr. Livingston's suggestion that we go ahead and draft the legislation to include the necessary monies for the Jordanian transaction, with the understanding that if indeed we find evidence here today that it is not absolutely necessary at this time that we would be able to go to Mr. Livingston, and he would extract it from this bill that currently is being drafted. So with that, our Chairman is here with us today. Mr. Chairman, if you would like to make a statement, we will yield to you.

MR. LIVINGSTON'S OPENING STATEMENT

Mr. LIVINGSTON. Thank you very much, Mr. Chairman, and I want to echo your sentiments. It is disturbing to pick up the newspaper one day and read that this country has negotiated a bestowal of well over \$100,000,000 in funds—\$140,000,000 to be exact—in funds to be appropriated for the gift of several F-16s to a friend and ally.

No one disputes that Jordan has been certainly most accommodating in the peace process in recent months and last couple of years. And with all of the chaos that is going on in Israel today with the bombings and whatnot, every American should be very, very happy that Jordan has now come to the table and has participated in this peace process.

But by the same token, there is a limit beyond which the American taxpayer has to simply shrug his shoulders and say, "We can't do any more." We forgave a debt of some \$674,000,000. We thought we had handled all of that transaction in the last series of appropriation bills, and yet now all of a sudden through some inadvertence of the Administration it seems that even that has not yet been accommodated.

We find evidence now that \$22,000,000 of that sum remains to be paid or at least an extra \$22,000,000 must be appropriated to accommodate that promise. Obviously, that promise was provided by the Administration without much consultation with the Congress, but the Congress felt that it was an obligation that we should fulfill. But now we are being asked to come up with an additional \$22,000,000, and that is of great concern.

But then on top of that, we have got to come up with \$140,000,000 for F-16s, and we have to read about it in the newspaper. And on top of that, when we expressed some concern about the fact that we haven't been notified, neither Chairman Callahan or I as the Chairman of the full Committee of Appropriations, nor other leaders of Congress as near as we can tell, we read a comment attributed to Pentagon spokesman Kenneth Bacon in the Washington Post on February 14, 1996, a portion of the comment likewise quoted in the Washington Times. It says, "There are a lot of people in Congress and a lot more staffers in Congress, and maybe we didn't talk to everybody we are supposed to."

Well, we appreciate Mr. Bacon's sentiment, but if he doesn't think that it is important to talk to the Chairman of the funding committees, perhaps the chairman of the funding committees don't think it is important to follow through with Mr. Bacon's commit-

ments or the commitments of the Administration that he represents.

Now, clearly, that is of great concern to us, and we do not wish to be treated so cavalierly or dismissed by representatives of the Administration unless the Administration has no regard for Congress working with them to fulfill their unilateral commitments. So it really bothered me deeply to read that quote in the paper.

That being said, I see that we do have Secretary Pelletreau here, and I have to say publicly that I appreciate, Mr. Secretary, your cooperation on an entirely unrelated matter: getting an American ship out of Algerian waters. That was a great coup. The ship was taken in a virtual act of piracy by the Algerian Government, held for a month at great cost to the owners of the ship, and we appreciate your efforts on that score.

But moving right along, I share Chairman Callahan's concern about this unilateral decision of the Administration. Secretary Perry took a trip. Brown made a big promise to the Jordanians. Whether or not the Secretary of State was aware of the promise, I would like to find out. But we certainly were not, and I just don't appreciate the way that the Pentagon spokesman, Kenneth Bacon, treated the issue.

And what I would hope that at the very least what will flow from this hearing is a promise from the Administration that they will consult with us before they go out to the press and announce commitments because I will assure you, the both of you, that we will look very skeptically certainly on all future such commitments if we are not consulted, and even more skeptically on this particular commitment depending on what we hear today. Thank you.

JORDAN F-16'S REQUEST

Mr. CALLAHAN. I thank you. I would like to also say in defense of the Secretary of State, Warren Christopher, did call me last week in Mobile and tracked me down to tell me this request was going to be made. But even this phone call was after the fact so the fact that the Secretary of State I think too was caught by surprise by Secretary Perry's absolute commitment I think is a question here today.

But in the Secretary of State's defense, he did initiate a call to me and personally make the request which I certainly didn't commit to in addition to the commitment that he was requesting to assist with the Bosnian thing. Mr. Wilson.

Mr. WILSON. Mr. Chairman, I don't have an opening statement. I do have a question, but I will wait till the question period.

Mr. CALLAHAN. Okay. Fine. Mr. Packard.

Mr. PACKARD. You said very well what I was going to comment on.

Mr. CALLAHAN. Any other members of the committee wish to make a statement at this time? All right. I suppose that we are going to hear first from Secretary Slocombe. Mr. Slocombe.

MR. SLOCOMBE'S OPENING STATEMENT

Mr. SLOCOMBE. Mr. Chairman, I welcome the opportunity to appear before you in support of the Administration's request for fund-

ing for providing F-16s to Jordan. Before turning to the substance of the matter, let me address the issue of consultation which you and Chairman Livingston and your colleagues have raised.

Clearly, we have a problem. I regret that we have that. Certainly, I was not before today familiar with Ken Bacon's statement. There is no intention to treat the Congress cavalierly in this or any other context, and I regret that that implication can fairly be drawn from that statement. I don't know the context of what question he was asked but certainly—

Mr. YATES. Mr. Chairman, would the gentleman put the microphone closer to him so we can hear?

Mr. SLOCOMBE. Sure. Certainly, we recognize the importance of timely consultation. Without going into the details of trying to refight what was done at what time, if you, Mr. Chairman, feel that there is inadequate consultation, that proves there is inadequate consultation. And we will do our best to do better in the future. You have my personal assurance on that point, and I know that I can make it on behalf of Secretary Perry.

I should also make clear as the statement makes clear that the offer was explicitly made subject to congressional approval and congressional support for reasons that I will explain and that I believe the committee is, in any event, familiar with.

We believe this is an important step which is in the national interest, but it was clearly an undertaking made with the recognition that all countries that deal with the United States understand that it was made explicit in this case that any such financial commitment has to be subject to congressional approval.

Let me now turn to the merits of the matter, and in that context appeal to the subcommittee and through you to your colleagues in the full committee and in the Congress to address the issue on the merits. I want to begin by sketching briefly the context of why it is important to support Jordan in this regard.

And I recognize that in this request we are again asking the Congress to take a financial measure of support after Congress has responded favorably to other requests for other assistance to Jordan; and, second, to turn to the details of the proposal with respect to the F-16s. In that connection, we have people including Lieutenant General Tom Rhame, who is the Director of the Defense Security Assistance Agency, who will be available to answer detailed questions if the committee wishes to pose them.

The transfer of a squadron of F-16 fighters to the Government of Jordan will strengthen the cause of peace in the Middle East and with it American security interests. You rightly raise the issue of this—we are spending the taxpayers' money, that we are spending the taxpayers' money in this connection to support a very powerful American security interest; that is, peace and stability in the Middle East.

By strengthening Jordan, it will bolster a valuable force for stability in a volatile region and, in turn, enhance Israeli as well as American security. Moreover, by demonstrating that the United States stands by those who take risks for peace, we will promote further the Mid East peace process.

No one who has seen the appalling pictures on television in recent days can doubt the proposition that those who have taken a

stand for peace in the Middle East and security for Israel and stability in an area which is critical to our interests take real risks.

This points to the very clear and continuing threat from the enemies of peace in the Middle East and the corresponding need for this country to support the peace process and its friends like King Hussein.

The goal of a comprehensive and lasting peace in the Middle East was significantly advanced by the bold leadership and courage shown by King Hussein and the late Prime Minister Rabin in signing a peace treaty between their countries in October of 1994.

Before the Israel-Jordan treaty was signed, President Clinton told both Prime Minister Rabin and King Hussein that the United States would support Jordan as we support Israel, and for that matter Egypt, to minimize the risks it was taking for peace.

King Hussein and the people of Jordan clearly have kept faith with their commitment to the peace process. Jordan has worked very closely with Israel to enhance trade, tourism, diplomatic, and especially military relations between the two countries in a quite unprecedented fashion for that region.

Jordan has taken every opportunity to turn the peace with Israel into opportunities for economic growth and the development of vital regional resources, especially water, so crucial in that part of the world.

Furthermore, Jordan has been instrumental in developing regional economic institutions that will stimulate economic development throughout the region. Israeli and Jordanian military officers have hosted each other. Israeli and Jordanian have flown a joint humanitarian aid mission into Bosnia and have worked together to defuse mine fields along their mutual border.

That is why it is right to call the Jordan-Israel peace a warm peace. Jordan's exemplary contributions to this warmth provide direction and vision as others come forward to make peace with Israel. That is the real measure of its success.

King Hussein is also demonstrating great courage as he takes a stand against the regime of Saddam Hussein in Iraq. He has ordered full enforcement of U.N. sanctions. He has publicly criticized Saddam Hussein. He has reorganized the Jordanian cabinet with the specific objective of reorienting Jordanian policy away from Iraq.

Jordan has successfully captured parts for weapons of mass destruction and greatly reduced the flow of illegal goods into Iraq. These actions have, unfortunately, increased the probability of Iraq trying to exact retribution in Jordan. King Hussein and the people of Jordan must know that the United States stands firmly with them if we expect to see the full impact of the King's moderating role continue in the region.

To bolster peace and security in the Middle East and to maintain American credibility and influence, it is critical that the United States, in turn, keep its commitments to Jordan. With the cooperation of Congress, we are doing so. The United States has solidified the Jordanian economic situation by forgiving Jordan's official debt to us and encouraging others to do the same and has sought small but important increases in economic support funds.

We have embarked upon the \$100,000,000 drawdown recently enacted by the Congress in the fiscal year 1996 Foreign Operations Appropriations Act. The drawdown is geared, as the subcommittee knows, primarily toward border security enhancements and ground forces. That includes tanks, spare parts, and night-vision devices.

Congress and this subcommittee and the full committee of which it is a part, in particular, have been very generous and supportive of these initiatives and the peace process, and we recognize that you have done it in a difficult political context because of the budget situation, and we thank you for that support.

Before turning to the specifics of the F-16 arrangements, let me say that another sign of our cooperation with Jordan, one of potentially considerable importance in the region, is that we are announcing today that following consultations with the Kingdom of Jordan and other states in the Middle East, the United States Air Force will begin a temporary deployment of fighter aircraft to Jordan as part of an air expeditionary force.

The AEF, which is scheduled to begin in mid-April, will include support equipment and aircraft, specifically F-15s from the First Fighter Wing at Langley Air Force Base in Virginia, F-16s from the 347th Wing at Moody Air Force Base in Georgia, and from the 366th Wing at Mountain Home Air Force Base in Idaho, and KC135s from the 96th Aerial Refueling Wing at Fairchild Air Force Base in Washington.

This deployment will provide additional landbased air forces to augment U.S. regional assets, while at the same time giving the United States Air Force an opportunity to work and train with coalition partners in the region. This deployment is temporary in nature and should be completed near the end of June 1996.

The specific F-16 program that we are here today to discuss responds to a longstanding and very important Jordanian Government interest in acquiring aircraft of this type. King Hussein has long made these aircraft his top military priority. They will serve to meet legitimate Jordanian defense requirements, for they are badly needed to reinforce and gradually replace a small and aging fleet of fighter jets in the current Royal Jordanian Air Force.

Currently, the United States has worked overtime with Jordan and Israel to devise a mechanism to provide this capability in a context consistent with overall Jordanian and regional security needs and resources. During his visit to Amman last January, Secretary Perry presented a plan that would, subject to congressional approval, provide the King with the F-16s which he had requested.

These F-16s will substantially increase Jordan's air power, but they will also carry much more than a simple military utility. They are a symbol of American military strength and a symbol of American commitment to the security of Jordan. Coupled with other military activities by the United States in cooperation with Jordan, they will be a formidable military and political symbol of significance to Jordan, the United States, and Israel, and to our interests throughout the region.

No other weapon system could provide such impact at similar costs. In sum, helping Jordan get the F-16s will provide Jordan and the United States with an important enhancement to our secu-

ity, which is a substantial combination in these times of severe resource constraints and difficult political relationships in the region.

Israel has explicitly recognized the importance of the proposed aircraft transfer and strongly supports it. Prime Minister Rabin in his last conversation with President Clinton stated that he believed that supporting King Hussein through implementation of the F-16 program would contribute significantly to a lasting peace and to regional stability. Prime Minister Peres has since affirmed his own endorsement of this position.

We are, therefore, asking the support of Congress for supplemental funding in fiscal year 1996 to provide F-16s to Jordan. Specifically, the package will include 12 F-16As and 4 F-16Bs. These aircraft would come from Air Force mothballed stocks and would receive engine upgrades and some structural upgrades to make them flight worthy and sustainable in the years in which they would be in the Jordanian Air Force.

Additionally, we would provide pilot and logistics training, as well as spare parts and support equipment. Jordan will use Jordanian national funds to complete approximately \$80,000,000 in required infrastructure improvements to provide the support facilities for the aircraft in Jordan. Israel has offered to help as they can with maintenance which will help further reduce costs.

The program that we have laid out—and, Mr. Chairman, you specifically made reference to the issue of timing—delivers the aircraft on the earliest possible schedule in order to provide the strongest possible signal to Jordan and other countries in their region of our support for the Mid-East peace process and those who support it.

Reduced purchase price inflation has provided an immediate source of funds from the Department of Defense so that the proposed offset from 050 accounts will have no impact on our planned fiscal year 1996 programs. The funds to be made available would be used to support the immediate initiation of contracts for upgrade kits, spare parts, and support equipment, making possible the earliest feasible F-16 delivery.

Standing by those who take risks for peace is an important American commitment. Providing F-16s to Jordan will help fulfill this commitment and serve important U.S. interests. It will not only support our friends and the peace process, but bolster American credibility and influence in a critical region.

I recognize the difficulties that face any request for substantial amounts of money for foreign causes these days. This subcommittee and the Congress have been generous with Jordan in the past, and I urge you to be similarly generous on this occasion. I will be happy to entertain your questions after Secretary Pelletreau's comments or now if you would prefer.

[The statement of Mr. Slocombe follows:]

**Prepared Statement of Walter B. Siocombe
Under Secretary of Defense
House Appropriations Subcommittee on Foreign Operations
Hearing on
Funding for F-16s for Jordan
6 March 1996**

Thank you for the opportunity to appear before you in support of the Administration's request for supplemental funding for F-16s to Jordan.

The transfer of a squadron of F-16 fighters to the Government of Jordan will strengthen the cause of peace in the Middle East, and with it American security interests. By strengthening Jordan it will bolster a valuable force for stability in a volatile region, and in turn, enhance Israeli security. Moreover, by demonstrating that the United States makes good on its commitments and stands by those who take risks for peace, this program will both strengthen American influence in the area and reinforce -- and promote further progress in -- the Middle East peace process.

A comprehensive and lasting peace in the Middle East that ensures the security of Israel has been a clear, bipartisan American objective for nearly fifty years, endorsed and pursued by every Administration and Congress. This goal was significantly advanced by the bold leadership and courage of King Hussein and the late Prime Minister Rabin, which made possible their signing of a peace treaty between their countries in October 1994. The United States played a crucial role in achieving that peace treaty, both through our diplomacy and through our commitment to stand by those who work for peace.

Before the Israel-Jordan treaty was reached, President Clinton told both the late Prime Minister Rabin and King Hussein that the United States would support Jordan—as we support Israel—to

minimize the risks it was taking for peace. Congress, for its part, demonstrated its strong support for the King's leadership in the extraordinary reception afforded the King and the Prime Minister when they appeared together before a Joint Session. This combined expression of support was essential to King Hussein's ability to move forward and conclude a model peace with Israel.

And King Hussein and the people of Jordan clearly have kept faith with their commitment to the peace process. Jordan has worked very closely with Israel to enhance trade, tourism, diplomatic and, especially, military relations between the two countries in an unprecedented fashion. Jordan has taken every opportunity to turn the peace with Israel into opportunities for economic growth and the development of vital regional resources, especially water. Furthermore, Jordan has been instrumental in developing regional economic institutions that will stimulate economic development throughout the region. Israel and Jordan military officers have hosted each other, Israel and Jordan have flown a joint humanitarian aid mission into Bosnia and have worked together to defuse minefields along their mutual border. That is why we call the Jordan-Israel peace a warm peace. Jordan's exemplary contributions to this warmth provide direction and vision as others come forward to make peace with Israel. That is the real measure of its success.

King Hussein also is demonstrating great courage as he takes a stalwart stand against the regime of Saddam Hussein. When Hussein Kamil defected to Jordan last August, King Hussein initiated a series of actions that have decisively distanced Jordan from the Iraqi dictator. King Hussein ordered full enforcement of United Nations sanctions and took measures that clearly demonstrated this intent, such as tightening border inspections at the Iraq border. On August 23, 1995, the King publicly criticized Saddam, setting in motion a major strategic shift away from the government of Iraq. From that time forth, Jordanian-Iraqi relations have deteriorated, culminating in the reorganization of the Jordanian cabinet with the specific

mission to reorient Jordanian policy away from Iraq. Jordan has successfully captured parts for weapons of mass destruction and has greatly reduced the flow of illegal goods to Iraq. This has had no small impact on the economy of Jordan, a fact not lost on Saddam or the people of Jordan. Furthermore, these actions have increased Iraq's incentives to exact retribution from Jordan. King Hussein and the people of Jordan must know that the United States stands firmly behind them if we expect to see the full impact of the King's moderating role continue in the region.

To bolster peace and security in the Middle East, and to maintain American credibility and influence, it is critical that the United States in turn keep its commitments to Jordan. With the cooperation of Congress, the Administration has made good on its commitments in a number of ways. First, we solidified the Jordanian economic situation by forgiving Jordan's official debt to us, and encouraging others to do the same, and also sought small but important increases in ESF. We also embarked on the \$100 million drawdown recently enacted in the FY 1996 Foreign Operations Appropriations Act. The drawdown, geared primarily toward border security enhancements and ground forces, includes M-60A3 tanks, ordnance, spare parts, ground surveillance, equipment and night vision devices.

The program we are here to discuss today responds to a long-standing and very important Jordanian Government interest in acquiring F-16s. King Hussein has long made these aircraft his top priority. These aircraft serve to meet legitimate Jordanian defense requirements -- they are badly needed to reinforce a small and aging fleet of fighter jets in the Royal Jordanian Air Force.

Accordingly, we have worked over time with Jordan and Israel to devise a mechanism to provide this capability in a context consistent with overall Jordanian and regional security needs and resources. During his visit to Amman last January, Secretary Perry

presented a plan that would, subject to congressional approval, provide the King with F-16s.

F-16s will substantially increase Jordan's air power given the size of Jordan's air force, but F-16s for Jordan carry much more than simple military utility. They are a symbol of United States military strength. They are a symbol of United States commitment to the security of Jordan. Coupled with other military activities by the United States, F-16s will be a formidable military and political weapon of great significance to Jordan, Israel, and United States interests throughout the region. No other single weapon system could provide such impact at similar costs. In sum, helping Jordan get F-16 will provide both Jordan and the United States the best bang for the buck, not an inconsequential combination in these times of severe resource constraints.

Israel recognizes the importance of the proposed aircraft transfer, and strongly supports it. Prime Minister Rabin in his last conversation with President Clinton stated that he believed that supporting King Hussein through implementation of the F-16 program would contribute significantly to a lasting peace and to regional stability. Prime Minister Peres has since affirmed his own endorsement of these views.

We ask, therefore, the support of Congress for supplemental funding to provide F-16s to Jordan. This package will include 12 F-16As and 4 F-16Bs. These aircraft would come from Air Force mothballed stocks and would receive engine upgrades and some structural upgrades to make them flight worthy and sustainable in the outyears. Additionally, we would provide all pilot and logistical training as well as spare parts and support equipment. Jordan will use Jordanian national funds to complete \$80M in required infrastructure improvements. Israel has offered to help as they can with maintenance and support, which will reduce costs.

The program we have laid out delivers the aircraft on the earliest schedule possible in order to provide the strongest possible signal to Jordan and other countries in the region of our support for those countries who support the Middle East peace process. Reduced purchase inflation has provided an immediate source of funds from DoD that has no impact on DoD's planned FY 1996 program. These funds will be used to support the immediate initiation of contracts for upgrade kits, spare parts and support equipment, leading to the earliest possible F-16 delivery.

Standing with those who take risks for peace is an important American commitment. Providing F-16s to Jordan will help fulfill this commitment, and directly serve important American interests; it will not only support our friends and the peace process, but bolster American credibility and influence in a critical region. I urge your support for this critical legislation.

Mr. CALLAHAN. Mr. Secretary.

MR. PELLETREAU'S OPENING STATEMENT

Mr. PELLETREAU. Thank you, Mr. Chairman. Let me first, Mr. Chairman, address the comments and the questions that you and Chairman Livingston made at the opening of the session. Secretary Christopher and Secretary Perry did discuss—

Mr. YATES. Mr. Pelletreau, pull your microphone closer. Thank you.

Mr. PELLETREAU. Secretary Christopher and Secretary Perry did discuss together Secretary Perry's trip to Jordan before he went and the discussions that he would have on the F-16. And Secretary Christopher did approve of that trip and of those discussions. Because of the subject matter, the details of the discussions were quite appropriately with the Department of Defense representative.

It was also our understanding and the Jordanian understanding from the very beginning that any package we were able to work out would require congressional approval. And there was never any intention at all to try to ignore or bypass or manipulate that requirement in any way whatsoever.

I am sure that Secretary Christopher will be very concerned to hear your comments about the shortfalls in consultation. That is certainly not the way he wants to operate with this committee, and I can further assure you that we will do a better job in the future. We want to work in partnership with this committee, knowing the difficult budgetary environment on important foreign policy priorities.

And I also say to Chairman Livingston that we were pleased to work with your office and with the business interests involved on the Algerian situation and pleased that we got a positive outcome on that.

With respect to our subject matter this afternoon and the specific question of Jordan's role in Middle East security and how the United States can help it play a positive role in regional security, we are coming to you with the specific request on providing a small number of F-16 aircraft to Jordan. We believe this is a fitting subject to consider now in the aftermath of the horrific bombings that took place in Israel and on the eve of a visit by King Hussein to Washington.

The King's decision to make peace with Israel in 1994 and the extraordinary steps that he has taken to increase cooperation between the two countries since then has indeed proven that Jordan is an important friend and ally in the Middle East. The King's strong expression of grief and support for Israel after Prime Minister Rabin's assassination and again in the last few days after the recent terrorist bombings in Israel show that he has become a full partner with Israel in seeking peace.

We will be discussing with him further what measures Jordan can take to help Israel in the current situation to defeat rejectionists of the peace process and terrorists. In signing the treaty with Israel, King Hussein took considerable risks. President Clinton recognized the seriousness of those risks when he pledged before the Jordanian parliament that the United States would help Jordan to obtain the security it needs to move ahead in peace with

its neighbors. It is clear that a secure Jordan is vital to strengthening the region's stability.

The Administration, with strong bipartisan cooperation from Congress and cooperation and support from this committee, has met that pledge in several ways. First, we made a major step forward towards steadying the Jordanian economy by forgiving almost all of Jordan's official debt to us and by encouraging other major creditors to do likewise.

On the military side, Congress authorized the Defense Department to provide \$100,000,000 in defense equipment and services to bolster Jordan's land forces so that they could guarantee the security of Jordan's borders against attack and infiltration.

Finally, we are now proposing to modernize the Royal Jordanian Air Force by transferring 16 F-16 aircraft so that Jordan's capable pilots there have the technology to match other air forces in the neighborhood that pose an increasing threat to Jordan such as Iraq.

The importance of this proposal to strengthen Jordan's air force to regional stability was recognized last year by the late Prime Minister of Israel, Yitzhak Rabin. A major factor in the President's decision to transfer the aircraft to Jordan was the Prime Minister's strong personal support, support that was repeated to the President by Prime Minister Peres at the funeral of Prime Minister Rabin last November. Israel has offered to discuss with Jordan how it can help support the proposed F-16 squadron, highlighting its conviction that the transfer is also important to Israel's own security.

New events have underlined the need for a capable, modernized Jordanian army and air force as soon as possible. King Hussein's decision last August to provide refuge to the Iraqi defector Hussein Kamil and his party was a first step in Jordan's effort to distance itself from the Saddam Hussein regime in Iraq.

Since then, Jordan has announced that it will cut trade with Iraq substantially below current levels. It has worked with UNSCOM to intercept missile parts bound for Iraq. The King has made it clear publicly that Saddam Hussein is responsible for the suffering and hardship of the Iraqi people, and that it is time for Saddam Hussein to go.

These measures and these statements are increasing the danger Jordan faces from Iraq. Thus, Jordan's security situation continues to be of concern to the King, to Israel, to the United States now more than ever, and the F-16s should arrive there assuming that we can obtain your approval as soon as it is possible to get the pieces in place.

Jordan has taken major steps toward better relations with Saudi Arabia and other members of the Gulf Cooperation Council. An exchange of visits by Saudi and Jordanian foreign ministers led to King Hussein's trip to Mecca last month where he met with then-regent Saudi Crown Prince Abdullah.

Even as relations with Riyadh have been returning to normal, there have been promising signs that Jordan and Kuwait also are beginning to reestablish formerly close relations that were disturbed by the Gulf War. Amman's relations with the rest of the Gulf Cooperation Council have been normal for some time.

The recent series of bombings in Israel reinforces the point that it is important for the United States to continue to play an active role in assuring stability in the Middle East while it seeks a comprehensive peace between Israel and its neighbors. President Clinton spoke clearly and judiciously when he pledged to support Jordan once it decided to make peace.

Provision of F-16s and their early delivery will make good that pledge and send a strong message to the Middle East that America supports peace and the peacemakers. Mr. Chairman, I urge your support and the committee's support and approval for this very important program. Thank you very much.

[The statement of Mr. Pelletreau follows:]

F-16 AIRCRAFT FOR JORDAN

Statement by Robert H. Pelletreau
Assistant Secretary of State for Near Eastern Affairs
Before the House Appropriations Committee
Subcommittee on Foreign Operations

March 6, 1996

I am pleased to have the opportunity to discuss with the Subcommittee the important subject of Jordan's role in Middle East security and how the United States can help it play a positive role in regional stability by providing F-16 aircraft. This is a fitting subject to consider in the aftermath of the horrific bombings in Israel and on the eve of King Hussein's visit to Washington D.C.

The King's decision to make peace with Israel in 1994, and the extraordinary steps he has taken to increase cooperation between the two countries since then, has indeed proven that Jordan is an important friend and ally in the Middle East. The King's strong expression of grief and support for Israel after the Rabin assassination and again after the recent terrorist bombings in Israel show that he has become a full partner with Israel in seeking peace. We will be discussing with him what measures Jordan can take to help Israel defeat peace process rejectionists. In signing the treaty with Israel, King Hussein took considerable risks. President Clinton recognized the seriousness of those risks when he pledged before the Jordanian parliament that the United States would help Jordan obtain the security it needs to move ahead in peace with its neighbors. It is clear that a secure Jordan is vital to strengthening the region's stability.

The Administration, with the strong bipartisan cooperation of Congress, has met that pledge in several different ways. First, we made a major step toward steadying the Jordanian economy by forgiving almost all of Jordan's official debt to us and by encouraging other major creditors to do likewise. On the military side, Congress authorized the Defense Department to provide \$100 million in defense equipment and services to bolster Jordan's land forces so that they can guarantee the security of Jordan's borders against attack and infiltration. Finally, we are proposing to modernize the Royal Jordanian Air Force by transferring 16 F-16 aircraft, so that the very capable pilots there have the technology to match that of other air forces in the neighborhood that pose an increasing threat to Jordan, such as Iraq.

The importance of this proposal to strengthen Jordan's air force to regional stability was recognized last year by the late Prime Minister of Israel, Yitzhak Rabin. A major factor in the President's decision to transfer the aircraft to Jordan was the prime minister's strong personal support, support that was repeated to President Clinton by Prime Minister Peres at Prime Minister Rabin's funeral last November. Israel has

offered to discuss with Jordan how it can help support the proposed F-16 squadron, highlighting its conviction that the transfer is important to Israel's own security.

New events have underlined the need for a capable, modernized Jordanian army and air force as soon as possible. King Hussein's decision last August to provide refuge to the Iraqi defector Hussein Kamil and his party was the first step in Jordan's effort to distance itself from the Saddam Hussein regime in Iraq. Since then, Jordan has announced that it will cut trade with Iraq substantially below current levels. It has worked with UNSCOM to intercept missile parts bound for Iraq. The King has made it clear publicly that, despite his sympathy and support for the Iraqi people in their desperate plight, he believes it is time for Saddam Hussein step down from power. These measures are increasing the danger Jordan faces from Iraq. Thus, Jordan's security situation continues to be of concern to the King, Israel, and the United States now more than ever, and the F-16s should arrive there as soon as possible.

Jordan has taken major steps toward better relations with Saudi Arabia and the other members of the GCC. An exchange of visits by the Saudi and Jordanian foreign ministers led to King Hussein's trip to Mecca last month where he met with the then-regent Saudi Crown Prince Abdullah. Even as relations with Riyadh have been returning to normal, there have been promising signs that Jordan and Kuwait are beginning to re-establish the formerly close relations that were disturbed by the Gulf War. Amman's relations with the rest of the GCC have been normal for some time.

The recent series of bombings in Israel reinforces the point that it is important for the United States to continue to play an active role in assuring stability in the Middle East while it seeks a comprehensive peace between Israel and its neighbors. President Clinton spoke clearly and judiciously when he pledged to support Jordan once it decided to make peace. Provision of F-16s and their early delivery will make good that pledge and send a strong message to the Middle East that America supports peace and the peacemakers. Thank you.

JUSTIFYING JORDAN AID

Mr. CALLAHAN. Thank you, Mr. Secretary. You know, maybe both of you are missing the point on my position. This is not an ego trip. I am not looking for or seeking power. I am not trying to dictate to the administrative branch of government how they should play out foreign policy. My entire political philosophy is contrary to that.

You know, if I had my way, I would give to the State Department the 12 or \$13,000,000,000 that they requested and let them distribute it. That is how strongly I feel that the Congress ought not be involved in the administrative branch's constitutional charge. So I am not looking for attention. I am not here saying to you that I don't want you to do anything unless you contact me. I want you to put on a different shoe.

I, as well as every member of this committee, represent about 575,000 people. In my district of Mobile and six counties in southwest Alabama, we pay collectively about \$1,000,000,000 a year in income taxes. When I took over this committee, they were wondering why I would agree to do something I didn't want to do, and that is give money to foreign countries.

So I justified the assumption of the role of this subcommittee chairman by saying that since we pay \$1,000,000,000, I was going to cut foreign aid by \$1,000,000,000. Thus, the people of my district theoretically are getting all their money back, and we are leaving it to the rest of the country to fund foreign aid. So they accepted that.

At the same time, I told them, "Look. We have got to make certain that we have a strong national defense," and they agree with that. So we appropriated about \$6 or \$8,000,000,000 more for the national defense, so everything is fine. We cut foreign aid by \$1,000,000,000. We increase the national defense capabilities by \$6 to \$8,000,000,000.

And now you are telling me, "Sonny, you go back to Citronelle, Alabama. You go back to Monroeville, Alabama, and you justify to them your support by taking money that you gave to the Defense Department and giving it to a foreign country." It doesn't make any difference whether King Hussein is an ally of the peace process. It doesn't make any difference at all—it is a money situation—\$200,000,000 you are asking us to transfer from defense to a foreign give-away program. It doesn't make any difference to the merits.

Listen. No one in my district that I am aware of is not upset and sad about the bombings that are taking place in Israel. There is no one in my district that is not happy that King Hussein is now allied with the peace process. You know, in return for him coming and making an address to the Congress, we gave the King about \$600,000,000. Now, that is kind of hard to justify too.

The question is whether or not this is an emergency, whether or not suddenly we have to tell the people of south Alabama to cough up \$200,000,000 to ensure the peace process begins. In my opinion, it is not going to interfere with the peace process if we wait until next fiscal year, if you will just wait two more months where we can have hearings, and we can decide that we have another \$12,000,000,000 to appropriate next year for foreign aid. How can

we take it out of foreign aid to facilitate the peace process? So I think you guys are missing the point.

I would like for each of you to just give me one line or two lines that you would use if you were addressing the Kiwanis Club in Monroeville, Alabama, as a member of Congress saying, "This is why we ought to take \$200,000,000 in your taxes and give it to King Hussein." Now, how would you suggest I explain that to the Kiwanis Club in Monroeville?

Mr. SLOCOMBE. The King has stood up for peace. Events of the last week have shown that people who stand up for peace take risks. These planes and the symbol of the support by a prompt response and prompt funding will help him defend himself and show himself able to defend himself against those who would challenge him for taking that stand. I think it is as simple as that, sir.

I recognize the point. It is very hard. You know, I go out and talk to people who are outside the beltway, and even those of us who work in the Executive Branch occasionally talk to real people.

U.S. LEADERSHIP

Mr. PELLETREAU. I haven't had the pleasure of addressing your Kiwanis Club, Mr. Chairman, but I have also been out speaking some around the country. And I guess what I would say to them is that I recognize that foreign assistance is not popular when we have got problems at home, and that Washington has heard this, and foreign assistance is being cut down.

But what is important is U.S. leadership, and U.S. leadership in the world is part of our own national security. And U.S. leadership can't be had on the cheap. It does take some commitment of funds to support it. And one of the areas that is closely tied to U.S. national security is the Middle East. And this particular support package for King Hussein will serve to strengthen the national security of the United States.

It will serve to strengthen the constituency of peace in the Middle East and stability in the Middle East at a time when that peace and stability is under threat. So that is why we come to you as the people of the United States to ask you to support this program.

Mr. CALLAHAN. Well, I wish we had time to let the Kiwanis Club in Monroeville vote on this, but we don't have the time to do that. I just want to get off of this issue that I or anyone on this committee might have concerns about facilitating the peace process.

I am saying I don't think this is such an emergency that it ought to be taken out of defense, that it could wait. We would find a way to facilitate the peace process in April or May, and then they could kick into effect the 1st of October, and that it is not that much of an emergency.

I regret to tell you that knowing the people of my district that your answers would be insufficient. I am going to stick with mine, and that is I have cut, along with the help of this committee and the Congress and the leadership of our Chairman—that we have cut foreign aid to about eight-tenths of one percent. And now we are finding a way to circumvent this reduction by taking it out of national defense, and I don't like this process. Mr. Wilson.

Mr. WILSON. Okay. Thank you, Mr. Chairman. We are talking about a—oh, incidentally, I would be remiss if I didn't thank Mr.

Pelletreau for his assistance last week in trying to assist a company in my district in their attempt to be treated fairly in a place where it is hard to get treated fairly, and I thank you for that.

Mr. PELLETREAU. We are still trying, and we are going to put our shoulder behind that.

COST OF AIRCRAFT

Mr. WILSON. Thank you very much. I want to support the chairman of the subcommittee and the chairman of the full committee. You know, you can only be beaten so many times about the head and shoulders. I do agree that this was clumsily done, and it wouldn't have taken 10 minutes to have called the chairman and the subcommittee chairman, and maybe if you had 11 minutes, you might have even called the ranking member.

But be that as it may, that is done, and that is water under the bridge, and we should address the merits. And I believe the merits are on the side of furnishing Jordan with the enhancement to their air force. But there is some concern about cost. We are talking about, I believe, a total of \$200,000,000; 140 is before us now, and then there is another 60 coming from other places. Is that right?

Mr. SLOCOMBE. Yes.

Mr. WILSON. Well, I believe my question is probably for Mr. Slocombe. Of the 200, approximately how much would you say is allocated to the improvement of the planes or reengining the upgrades, including the various avionic improvements, spare parts, et cetera, and how much would go to the actual purchase price of the planes that are now in mothballs, or do you have those figures?

Mr. SLOCOMBE. Asked that way, I certainly have the answer. Because the planes are mothballed, they are near the end of their service life from our point of view, and for the most part, under long-established procedures, will go under cost-free leases; that is, we have a standing rule for—

Mr. WILSON. So this money is almost all for the—

Mr. SLOCOMBE. Yes.

Mr. WILSON [continuing]. Reengining and upgrading—

Mr. SLOCOMBE. Right.

Mr. WILSON [continuing]. And spare parts, et cetera?

Mr. SLOCOMBE. My understanding is that four of the aircraft still have more than 25 percent of their service life, and there will be a lease cost for those. But the great bulk of the money is for the necessary upgrades to make them and get them in flyable condition, provide limited upgrades so they are effective in that regional context, and then also what is a major part of the effort, of course, is to provide the follow-on spares and the sustainment and support for the—

CONTRACTORS

Mr. WILSON. Well, I asked this question without prejudice, but I think it is important. It has been raised three times to me in the last two hours. But is it the intention of the Department of Defense to have this work done by American contractors or by other contractors?

INFRASTRUCTURE COSTS

Mr. SLOCOMBE. It would certainly be our expectation that the overwhelming majority of it and perhaps all would be done by U.S. contractors of this part. Some of the work on the ground in Jordan may be done by other parties, and, as I said, there is a proposal that Israel will do some of the work. And the Jordanians will put in a lot of their own money for the local construction.

Mr. WILSON. Would the United States pay Israel to do this, or would this be an Israeli contribution?

Mr. SLOCOMBE. We are still in the process of working out how that would work out. I don't have to tell you what the Israeli preference would be.

Mr. WILSON. Well, it is pretty important.

Mr. SLOCOMBE. It is important.

Mr. WILSON. Would we pay the Jordanians for the work they did on their infrastructure?

Mr. SLOCOMBE. No. The Jordanians will put about \$80,000,000—broadly speaking, the local construction, pouring concrete, building the basic buildings would be done with Jordanian money by local contractors.

Mr. WILSON. Well, from what I understand, it is entirely possible that the Israelis, who have always been so good at enhancing existing weapon systems, might participate in this upgrade. I think it is entirely possible and reasonable that there might be some relatively lesser things that they could do that would enhance it and that might create better intercourse between them and the Jordanians, especially in the training field. But the main thing I would like to know is who will do the big stuff, the engines, the basic structural strengthening. Of course, you know, I represent Texas, and Fort Worth is in Texas and—

Mr. SLOCOMBE. This work would all be done in the United States, and we are discussing the other things that you—

Mr. WILSON. But I don't want to prejudice in any way any decision that might be made where the Israelis have a superior capability because I recognize that is entirely possible. That is all, Mr. Chairman.

PERCEPTION OF FOREIGN AID

Mr. LIVINGSTON. Mr. Chairman, I have spoken but I do want to say I appreciate your statements because I think you have articulated not just the frustrations of the people in south Alabama and the Kiwanis Clubs, but of the American people.

Obviously, the American people do not understand the need for foreign aid. I was interested by the polls that showed that they thought that foreign aid was actually about 40 percent of the American budget and that Medicare represented about two percent. It is a little different.

The point remains that we really must be circumspect with the people's money and be careful that we don't willy-nilly make commitments that can't be fulfilled. In this era of downsizing government and economizing, commitments of this sort, no matter how meritorious, must be judicious.

DEFENSE BUDGET

Secondly, I want to make the point, Mr. Chairman, on two occasions you said we have increased defense money. Let me say that, yes, we provided \$7,000,000,000 more than the President asked for, but the President asked for \$7,000,000,000 less than we had funded the year before for the Defense Department. In effect, we did provide less last year—some \$400,000,000 less for defense than we had appropriated the year before.

Mr. WILSON. And they are asking for less this year.

Mr. LIVINGSTON. They are asking now for \$12,000,000,000 lower than that. Notwithstanding the fact that we have got troops in Bosnia and Haiti and all over the world, notwithstanding the fact that force modernization, weaponry procurement has gone down by almost 75 percent, notwithstanding the fact that the overall size of the defense budget has decreased by in excess of 30 percent since 1985, the President is asking for \$12,000,000,000 less. I am not sure that that is a wise move, but we are certainly going to have to deal with it. I would only stress that we didn't increase the defense budget last year. We actually decreased it.

FOREIGN AID BUDGET

Mr. CALLAHAN. I might say that what I was trying to say is that the President asked for \$3,000,000,000 more than I gave him. So we cut the President by \$3,000,000,000 for foreign aid, and then we increased it by \$7,000,000,000 over and above the President's request. And now he is taking what we did and just transferring it from one account to the other, which is—but you are right.

Mr. SLOCOMBE. Could I comment briefly on the point about the transfer? Regardless of the broader issues—the overall correct size of the defense budget and the defense program, which is, obviously, going to be debated in the course of the coming year, again I just want to make the point that because of adjustments in the inflation assumption, there will be no change in the defense program as authorized and approved and appropriated by the Congress for fiscal year 1996 as a result of this or indeed the other adjustments which have been proposed. This is not a situation in which we say, "Well, we don't want to build that ship. Cancel the ship and take the money and use it for something else."

Mr. CALLAHAN. Mr. Yates.

DEPLOYMENT OF PLANES TO JORDAN

Mr. YATES. I am trying to understand your testimony, Mr. Slocombe. You said that you were moving a certain number of airplanes to Jordan?

Mr. SLOCOMBE. Yes.

Mr. YATES. Will that be on a permanent basis?

Mr. SLOCOMBE. No. It would be about—

Mr. YATES. What is the purpose of doing that?

Mr. SLOCOMBE. The purpose is, first of all, to augment our capability in the region—our air capability in the region and, in particular, to do so during a period when there is a gap in carrier coverage. We have periodically in recent months during one of the

periodic gaps in carrier coverage have moved landbased air into the region.

As a result of the improved relations with Jordan and, in particular, of Jordan's willingness now to take a much firmer stand against Iraq, Jordan has indicated that they would be willing and, indeed, would like it if we would make some of these periodic deployments into Jordan. It will be a temporary deployment. We expect that the planes will be removed by about June of this year—by the end of June. So it will be about three months, April through June.

Mr. YATES. I saw no reference to that in either of your statements.

Mr. SLOCOMBE. Oh, this is an announcement I thought the committee would be interested in so I included it in my oral statement. It is an announcement which we are making today.

Mr. YATES. Is there a relationship between that effort and the transfer of planes to Jordan?

Mr. SLOCOMBE. No.

Mr. YATES. None at all?

Mr. SLOCOMBE. None except in the sense that it is a sign of the increased defense cooperation and security cooperation that we will be having with Jordan, and it serves other purposes as well. It provides an opportunity for training and coalition support, I suppose in a sense, and some of the aircraft are F-16s that provide some familiarization between the U.S. and the Royal Jordanian Air Force. And, of course, for the period of time the planes are there, it provides direct support for the so-called Operation Southern Watch which is the continuing U.S. air deployment over southern Iraq.

IMPACT OF TRANSFER DELAY

Mr. YATES. May I have an answer to the Chairman's question, what would happen if your transfer of planes to Jordan were delayed for two or three months so that it be considered in the foreign aid bill for the next fiscal year?

Mr. SLOCOMBE. The plan which we have put together envisages that the first of the F-16s would actually arrive in Jordan by the end of 1997. That schedule I think would not be possible to maintain if the funding were delayed until the next fiscal year, 1997.

The reason that we are asking for what is, obviously, substantial, up-front funding to put the 140 into the fiscal year 1996 program is so we can go forward, get the contract signed, move forward rapidly with the implementation of the program so as to meet this schedule.

We have put this schedule forward because we think it best serves our interest in getting the operation fully—not fully funded, but substantially funded up-front, and move forward as rapidly as possible. Obviously, it is ultimately up to Congress to decide what the appropriate pace is.

But we believe that full funding of the 140 requested for the current fiscal year will allow us to move forward on a pace that best meets our interest in doing this which is to get it done rapidly so that the Jordanian see planes on the ground in Jordan as soon as is reasonably feasible. So it would have a delaying impact, obvi-

ously, on being able to carry out the program. We think that would have adverse effects.

TRANSFER OF FUNDS

Mr. YATES. Is there no way that you could make the transfer through the Defense Department budget?

Mr. SLOCOMBE. Well, for reasons that I am sure you understand far more fully than we, the transfer of funds to foreign countries for foreign military assistance has for a very, very long time been through the 150 account. I am not sure I would do it that way if it was entirely up to me, and we could write on a clean slate, but there is a longstanding practice which is universally followed that transfers of funds for foreign military assistance, loan subsidies, all that sort of thing is done not through the defense budget, but through the 150 account. But the drawdowns, of course, come directly out of defense stocks.

Mr. YATES. Well, I am inclined to agree with you; with your purpose. The only true peace that we have in the Middle East right now is between Israel and Jordan.

Mr. SLOCOMBE. Yes indeed.

Mr. YATES. You have got a cold peace with Egypt, and you have got an incipient peace with the PLO. I can see that this would serve a very useful purpose, both for the stability of the region and as a warning to possible further terrorism that we are assisting the Jordanians, the Israelis, and the other countries in the area to resist the terrorism. So the purpose I find acceptable.

I am inclined to agree with the Chairman on the budgeting of it, and I certainly agree with the Chairman that, if for no other reason than public relations, the Chairman should have been consulted before even starting this thing. However, it has happened before with the Department of Defense. It will happen again with the Department of Defense, I assume, but perhaps it won't happen on the Chairman's watch. But at any rate—

Mr. SLOCOMBE. I hope not.

Mr. YATES. Thank you, Mr. Chairman.

MIDDLE EAST PEACE

Mr. SLOCOMBE. If I could just comment. It is important to maintain the momentum. I remember sitting in on a meeting at which Prime Minister Rabin said that Israel has achieved more real peace with Jordan—

Mr. YATES. That is right.

Mr. SLOCOMBE [continuing]. In the relatively few months since the treaty was signed than they have been able to achieve with Egypt over a long period of time. The peace with Egypt is very important and all that, but in terms of developing a real peace that begins—

Mr. YATES. Some warmth.

Mr. SLOCOMBE. Exactly. That is one of the reasons why we think it is important to maintain the momentum of the process. And inevitably how soon the program can be carried out and completed—and it will be a matter of several years, in any event—is affected by when the money becomes available.

Mr. YATES. Okay. Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Packard.

PURCHASING PEACE WITH AMERICAN TAXPAYERS' DOLLARS

Mr. PACKARD. Thank you, Mr. Chairman. I won't repeat what I would have liked to have said because it has been said well by others regarding consulting and coming to those that hold the purse strings before commitments are made. It has appeared in the past that anytime one of our high level diplomats or executive leaders make a trip, they come back with a bill—the promised bill that we have to pick up. And I think that some way that has to be brought under control.

Certainly, it appears also that the U.S. has a policy, at least it seems to some of my constituents—we have a foreign policy that we purchase peace with the American taxpayers' dollars. When we encourage and work with people in Bosnia to come to a peace agreement and sign a peace accord, then along with that goes a huge commitment of sometimes billions of dollars of taxpayer money to implement the peace.

And the same is true, of course, or could be true in North Korea, South Korea, China, Taiwan, Ireland and England, Israel and Palestine, Israel and Syria. There are lots of areas where there is a need for peace. And yet in our effort to bring about peace to those areas, I think that it reaches a point where we don't have sufficient dollars to always purchase that peace with a large amount of taxpayer dollars. Be that as it may though, let me ask when do you expect the planes to be delivered?

SCHEDULE OF DELIVERIES

Mr. SLOCOMBE. The first planes should be in Jordan late in 1997 on this schedule, assuming a timely delivery.

Mr. PACKARD. And when would the last be delivered?

General RHAME. Within four months after the start.

Mr. PACKARD. A four-month period that you expect deliveries to be made—

Mr. SLOCOMBE. Over a four-month period. That is right.

Mr. PACKARD. Starting somewhere late 1997?

Mr. SLOCOMBE. Late calendar 1997. Yes.

BALANCE OF POWER IN THE MIDDLE EAST

Mr. PACKARD. Yes. How does this affect our longstanding policy of balance of power in the Middle East? Israel, of course, according to your statement and my understanding is that they not only agree but support this move. But, in fact, it could create a long-term imbalance of power, that Israel may under different circumstances come back and say, "Look. We feel we need to have additional equipment power."

Mr. SLOCOMBE. I understand that that argument could be made theoretically. The fact is the Israelis make the opposite argument. They understand that providing this assistance to Jordan, including this level of military assistance so that they make some contribution to their own defense, actually is favorable from their point of view and ours in terms of the regional balance of military forces.

Jordan faces some pretty nasty neighbors with substantial military capability, to mention only Iraq. But it is certainly our judgment, and I know it is also the Israeli judgment, that this is a case where Israel's view is that it is better from their point of view that these planes be made available.

Mr. PACKARD. Thank you. Inasmuch as this calls for a transfer from DOD—am I correct in that?

Mr. SLOCOMBE. You are certainly correct in substance. I am not an expert on how—

CONSULTATION

Mr. PACKARD. I guess the question then is have those affected committees and agencies in the Congress been consulted in this transfer?

Mr. SLOCOMBE. Yes.

Mr. PACKARD. Are we going to find where one committee is going to come to us and say, "Why did you do this without our consultation?"

Mr. SLOCOMBE. The defense subcommittees on the Appropriations Committee have been fully consulted. I do not of my own knowledge know what the process is by which they register their views to you and to the full committee, but they are, obviously—

ROLE OF NATIONAL SECURITY SUBCOMMITTEE

Mr. PACKARD. The National Security Committee under—the authorizing committee has also been consulted?

Mr. SLOCOMBE. Yes.

Mr. PACKARD. Will there be any role that they will be playing in this ultimate decision?

Mr. SLOCOMBE. The authorizing committees—

Mr. PACKARD. And the other subcommittee of Appropriations?

Mr. SLOCOMBE. The authorizing committee, as I understand it, since it formally is an appropriation matter, my understanding is there is no formal role they play. And, as I say, I don't of my own knowledge know what formal acts have to be taken on the defense subcommittee side as a part of your own internal process. But they are fully aware of and have been informed and, you know, got copies and briefings and so on. On what the proposal is as to what formal action they have to take, no doubt there are people who do know but I don't myself know.

RESIDUAL LIABILITY RESPONSIBILITIES

Mr. PACKARD. Not being familiar with the responsibilities once the transfer is made in things of this nature, are there residual liability responsibilities if there are accidents or breakdown or equipment failure as we make the transfer? Lives are lost in Jordan in 1998?

Mr. SLOCOMBE. We do make on a variety of bases a lot of transfers of aircraft. Because they are government-to-government transactions, there is no normal legal liability similar to what would exist in a commercial transaction.

Mr. PACKARD. Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Knollenberg.

Mr. KNOLLENBERG. Gentlemen, thank you for appearing, and I appreciate the explanation, and I think there was some comment I heard that justifies the challenge made by the Chairman as to notification. I appreciate your comments there.

JORDAN DEBT FORGIVENESS

What I want to look at is the amount of money that we have—kind of a scorecard, if you will, of the amount of money that we have pledged or, in fact, have forgiven or granted to Jordan in the last several years. And I know that since 1994 through 1997 that these numbers are firm, and if they are going to be realistic, if all of this happens, it will be over \$670,000,000.

I may be wrong about one point I am drawing on here, but I think that the debt forgiveness in 1995 was \$275,000,000 and my recollection is that there were supposed to have been three tranches, and I think we compacted those three into one year. Am I mistaken on that? Staff might have the answer to that. Two years?

Mr. INGLEE. The \$275,000,000 was in FY 1995. There was also a first tranche in 1994 and then the last two tranches were combined into what was supposed to be the final tranche of \$275,000,000.

Mr. KNOLLENBERG. Okay. Well, I stand corrected, but, nonetheless, it is \$275,000,000 in 1995. So that is a pretty good sum of money, and when you think about—and it has all been pretty much recently distributed. When we went into the course of discussion, it was beyond what we had in mind as to what we would actually allocate.

DIFFERENCE BETWEEN F-16A AND F-16B

I don't question the arguments for it. I can listen to them all day, and I agree with them except for the fact that, as Mr. Callahan has said and others have said, there is some concern about how much money, for example, is appropriated for the purposes of aiding Jordan which does stabilize peace in the Middle East, et cetera. The question I have—this is a simple one first—what is the basic difference between the F-16A and the B, and where does most of the money that is being considered or allocated going to go for?

General RHAME. Sir, General Rhame, Director of DSAA. The F-16A is a single-seat fighter, sir. The F-16B is a two-seat aircraft which you would use with an instructor pilot in the rear. The purpose of providing B models is to provide some capability to train in Jordan with instructor pilots.

Mr. KNOLLENBERG. Would most of the money be going for the A or the B?

Mr. SLOCOMBE. My understanding is apart from the upgrade costs, which I think are more or less the same for the two types, most of the money goes for spares and for the support structure which I suppose could be allocated to the planes. I don't think there is a significant difference between the two kinds, and, in some sense, you need the Bs in order to sustain the As.

Mr. KNOLLENBERG. Well, the As are older, obviously, and they probably need a little more help than the Bs perhaps, but that is just a judgment call. I don't—

Mr. SLOCOMBE. My understanding is it is the Bs which have the light usage—

General RHAME. Sir, as we propose the program, the 12 A model aircraft have slightly over 3,000 hours with 1,000 hours of flying hours remaining. The other three B models are a little younger, and there is a lease cost associated with transferring these to the Government of Jordan. Part of this cost is to reimburse the U.S. Government through a lease for these aircraft.

Mr. KNOLLENBERG. I understand that.

General RHAME. All these aircraft will require an upgrade to the 220E, and when they reach 4,000 hours will require the falcon-up or structural upgrade to continue their life as well.

INFRASTRUCTURE COSTS

Mr. KNOLLENBERG. I understand that Jordan is responsible for \$80,000,000 for infrastructure. I presume that is runways, et cetera? Is that right?

Mr. SLOCOMBE. Basically, yes.

Mr. KNOLLENBERG. And Israel has some commitment too. Now, it is very vague here. Can you explain? Can you specify?

Mr. SLOCOMBE. Israel has not made a commitment other than to discuss this issue—other than a commitment to support the program by saying, correctly, that it is in their interest. They have not made a specific commitment in terms of what they will do other than to say that they will discuss this with Jordan as the planning becomes solid on that end.

Mr. KNOLLENBERG. Would it possibly include maintenance?

Mr. SLOCOMBE. I think it certainly could.

Mr. KNOLLENBERG. Do they have spare parts for these two aircraft?

Mr. SLOCOMBE. Well, they don't have spare parts. They probably have spare parts on hand, but they have spare parts which are geared to their own aircraft.

Mr. KNOLLENBERG. So the burden would probably fall upon the U.S. Is that right?

Mr. SLOCOMBE. No. I don't think so in that sense. I am not sure—which part of the burden? I am not sure I understand your question.

FUTURE REQUEST FOR JORDAN AID

Mr. KNOLLENBERG. I guess the question is, it is not clear as to how much support Israel will provide, and there is maintenance specified that will be needed for those planes at some point. Since we have accelerated our payments to Jordan beyond what we, frankly, had set to do some years back, will we be called upon again to meet some monetary demands for upgrade, for maintenance, for infrastructure?

Mr. SLOCOMBE. Not beyond—as the Chairman has pointed out, the total for the program is about \$200,000,000—\$140,000,000 is being requested for this year. There is \$30,000,000 in any event, and the plan assumes that we will continue to be asking, as we have in the past and this Congress has approved in the past, for FMF for Jordan in the amount of about \$30,000,000 a year which would make up the other \$60,000,000 during the course of the pro-

gram. Obviously, with a project like this, the pricing and the estimates are always subject to some variation. But our expectation is that the bill will be \$200,000,000.

Mr. KNOLLENBERG. I am just trying to get some kind of a picture of what our future obligation might be because we have accelerated—increased over the last couple—three years what we normally would have provided. I am wondering if we might be looking again at an increase for 1998?

Mr. SLOCOMBE. I want to be candid. I assume that we will continue to be asking for support for Jordan in the coming years.

Mr. KNOLLENBERG. Oh, I understand that.

Mr. SLOCOMBE. I have no reason to believe that the number will be significant—that the cost of this program will be significantly different from the \$200,000,000, plus or minus, as the costs are refined and the project goes forward. Is that—

Mr. KNOLLENBERG. I think that is fair. I guess what I am hearing is that some of these things you just simply don't know, and, point A, you don't know exactly what the Israeli contribution is going to be, and, point B, you don't know exactly what the wearability of these planes and the replacement, the upgrading, the maintenance required is going to be, nor the ability of Jordan to satisfy their infrastructure requirements to accommodate those planes? I presume there is—

Mr. SLOCOMBE. And we have made the argument with Israel that it is in their interests to make a financial contribution as well as, if you will, a political contribution. And I haven't entirely given up on their being convinced of that position in the future. But I want to be clear, they have not made a commitment in that respect.

Mr. KNOLLENBERG. I appreciate those comments. Mr. Chairman, I yield back.

EMERGENCY APPROPRIATION REQUESTS

Mr. CALLAHAN. Thank you. You know, this is an ad hoc type of request for Jordan. I don't recall an ever Administration coming to the Congress with a budget request for Jordan. Everything is an emergency appropriation. The debt forgiveness was an emergency. We had to do it. The King was coming to the United States last year. We had to facilitate him and give him that honorarium for coming and speaking to the Congress. Now, we have another ad hoc emergency situation. Do you know, Mr. Secretary, of any further plans for appropriations to Jordan? Do you know of anything else in the pipeline or is this it as far as you know?

Mr. PELLETREAU. I don't know of any other special programs like this.

Mr. CALLAHAN. Do you know of any programs?

Mr. PELLETREAU. Well, I think there will be an ongoing request for assistance to Jordan in the future years. It would be along the lines of the current requests that were made.

Mr. CALLAHAN. These proposals that you brought to us have been emergency situations. We have not funded monies for Jordan. Are you saying now that this is sort of an entitlement, that we are adopting Jordan?

Mr. PELLETREAU. Absolutely not.

FUTURE REQUEST FOR AID TO JORDAN

Mr. CALLAHAN. And that there is going to be a continuing request from the Administration to provide aid to Jordan? Now, is this going to be like the Peace Accord of 1979 or do you see an end in sight to aid to Jordan? Are we saying that we are going to continue to fund or the Administration is going to continue to request additional continuing aid for Jordan?

Mr. PELLETREAU. What I am saying is I don't foresee that we would be coming in this kind of emergency fashion to you for a special urgent program. I think that in future years it is quite possible that we will be continuing to request some form of ongoing assistance as part of our normal budgetary request.

Mr. CALLAHAN. But you know of nothing in the pipeline as to any future request for aid to Jordan?

Mr. PELLETREAU. I know that in the fiscal year 1997 request that is coming, we are including a sum for Jordan.

Mr. CALLAHAN. For what?

Mr. PELLETREAU. We are including a sum for security assistance.

Mr. SLOCOMBE. Most of which would be applied, as I understand it, to completing the F-16 program. Because, as you have pointed out, it is \$200 million total we are requesting.

Mr. CALLAHAN. You don't know of anything other than the F-16 program? I am not referring to the Defense Department. I am talking about the State Department.

Mr. JOHNSTONE. Craig Johnstone, sir, from the Office of Secretary of State—from the Office of Resources, Plans and Policy. In the 1997 request, there will be this tranche that has been discussed here for \$30,000,000 in FMF, which will go as the final increment in the payment for the F-16s for Jordan. In addition to that, as there was this year, there will be an ESF, Economic Support Funds, component of \$10,000,000. And in addition to that, the final bit of payment for the loan-restructuring program last year will also be included in the 1997 request. And that amount was the amount that Chairman Livingston referred to in his opening comments.

DEBT FORGIVENESS

Mr. CALLAHAN. So that is additional debt forgiveness?

Mr. JOHNSTONE. That is the final tranche of debt forgiveness because the debt forgiveness that was coded by the Congress this past year didn't fully cover the debt it was intended to cover because of the change of interest rates.

Mr. SLOCOMBE. But if I understand the thrust of your question, sir, nothing is working in the system comparable to the F-16 project, that there is no new big idea that somebody is going to come up with that I have any knowledge of at all.

Mr. CALLAHAN. Are you saying that you miscalculated the amount of debt payoff that was needed?

Mr. JOHNSTONE. Yes.

Mr. CALLAHAN. That there was an error made. Is that what you are saying—that you are going to need \$25,000,000 because of an error?

Mr. JOHNSTONE. The total calculations that were made on Jordanian debt, the time will be lost in apportioning it. During the course of the deliberations on that, the interest rates changed, and so the calculations did change \$25,000,000. Those are included in the 1997 budget request and will be fully justified at the time we testify in the 1997 budget request.

PRIORITY NEED FOR F-16 PROPOSAL

Mr. CALLAHAN. All right. One other question and then I will be through here. Are we absolutely certain that the F-16 is the highest priority need for Jordan's military support? I mean, this is an expensive program. Some argue that the Jordanians might be better off concentrating on upgrading the ground forces as opposed to investing in advanced fighter aircraft.

So I guess my question to the Defense Department is is this proposal really the best thing for Jordan? And I know you wouldn't say anything but yes, but is it more of a case of national pride and symbolism rather than what is in the overall best interests for Jordan's military capability?

Mr. SLOCOMBE. I want to answer the question in all seriousness. One of the things which we were concerned about with the F-16 proposal was that it not swallow the entire Jordan defense effort. And the Jordanians have put together a proposal or a plan—a program which is, I should say, made possible in part by the drawdown which Congress approved last year, which will ensure that it doesn't distort the Jordanian military program so that they will have a meaningful program for their ground forces as well as for their air forces.

Obviously, in that part of the world, air power is extremely important so that we have no question at all that they are well justified in wanting to replace their current air force which is F-5s and Mirage aircraft.

Mr. CALLAHAN. Well, we are happy—

Mr. PACKARD. Mr. Chairman, may I just—

Mr. CALLAHAN. We are happy that you and Jordan feel like American fighter planes are the best available. We all concur in that.

Mr. PACKARD. One brief question. Israel, of course, as you have mentioned, signed off on this agreement. What about other neighbors to Jordan—Saudi Arabia and perhaps some of the other surrounding bordering countries? Have they shown any resistance to it at all or have they been consulted?

Mr. SLOCOMBE. I don't think—none of them have shown any resistance—the ones whose resistance we would pay any attention to have shown any resistance at all.

JUSTIFYING EMERGENCY ASPECT OF JORDAN PROPOSAL

Mr. CALLAHAN. In closing, I am going to tell you that I am not going to ask this committee for any expression of support or lack of support. I certainly am not in a position to stand in Mr. Livingston's way. I still do not feel after this testimony that this is an emergency situation. I feel like it could wait until the regular budget process.

I am going to inform Mr. Livingston that he is on his own but not to call on me for a position of support on the floor of the House during this debate because I still feel like I cannot justify the emergency aspect of this proposal. So if you want to talk to other members of Congress or talk to other members of the committee and ask them to stand in support of the Livingston proposal if he chooses to include it in the CR, I am going to maintain my position in opposition to inclusion.

Do what you want, Mr. Chairman. You do not have my support. I am not going to speak against it, but I certainly am not going to stand and speak for it because there is no indication on my part that this is in any way, shape, or form—comes in any degree of emergency, that it certainly could wait. But, nevertheless, we thank you for your testimony.

THURSDAY, MARCH 21, 1996.

IMPACT OF U.S. ASSISTANCE TO HAITI

WITNESSES

ALEXANDER F. WATSON, ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS

MARK SCHNEIDER, ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

CHAIRMAN'S OPENING STATEMENT

Mr. CALLAHAN. Good morning, Mr. Secretary. I appreciate you all coming. We're going to try to get started in a timely fashion. Chairman Livingston will be here, and he has a 10:30 meeting and he wants us to get started as quickly as we can.

Today the subcommittee is meeting to hear testimony from Assistant Secretary of State Alex Watson on the situation in Haiti. The United States Government has committed approximately \$2 billion over the past five years to overthrow a military government and to restore the Aristide government to power.

Much of those funds came from the Defense Department. However, funding from this subcommittee totals over \$300 million in 1995-96, if you include humanitarian assistance.

For 1996, the administration requested \$90 million for Haiti from the Economic Support Fund. The committee report indicated that due to the cuts in the ESF request, not more than half the budget requests should be provided for Haiti. However, we have been told the State Department and AID intend to spend \$85.6 million for Haiti in 1996 through the Economic Support Fund and we need to know why.

In addition, the administration is requesting \$80 million for fiscal year 1997. Outside of support for Israel and Egypt, this is the largest request for any one country within the ESF account.

We also need to know whether an investment of 20,000 American soldiers and several billion American dollars will make a difference in the long run if Haiti is not interested in getting its economic house in order.

Efforts to privatize the Haitian economy and create a free market were not supported by the Aristide administration. Indeed, one of Aristide's prime ministers resigned when he realized President Aristide's commitment to privatization was merely "lip service".

Despite some encouraging signs, the economy remains in terrible shape. Unemployment and underemployment approaches 80 percent, compared to roughly a 40 percent level prior to the U.S. embargo. In addition, the government continues to spend money for a bloated, inefficient bureaucracy and does not appear to be moving forward on plans to create jobs in the private sector by boosting

trade and investment. Indeed, the failure to privatize means that few companies are willing to invest.

We now have a new President in Haiti and perhaps there is more hope for the future. President Preval is visiting the United States, and I want to state that we did not hold this hearing with his visit in mind. Our hearing was scheduled prior to his schedule, and we would have certainly accommodated the situation had he not been staying a full week. But we did not have time to readjust our entire year to accommodate him in this respect.

I do know that you have a luncheon engagement with President Clinton and President Preval at the White House today, Secretary Watson, so we will try to wrap the hearing up so that you can have your lunch.

Before I turn to you, I would like to invite Mark Schneider, the Assistant Administrator to AID, to join you at the table when you finish your testimony so that he can answer questions specifically about AID programs in Haiti.

At this time I would like to recognize the Chairman of the full Committee, Mr. Livingston.

MR. LIVINGSTON'S OPENING STATEMENT

Mr. LIVINGSTON. Thank you very much, Mr. Chairman.

Mr. Secretary, welcome, and we're glad to have you here, Mr. Schneider.

Mr. Chairman, I am pleased to join you for this hearing on Haiti. We need to know whether or not our investment of American resources is going to be successful, whether the commitment of several billion dollars will have been worth it in the long run, and whether Haiti will simply revert to form when the troops and the UN peacekeepers are gone.

One particular issue does concern me. In his last official act, President Aristide took the opportunity to thumb his nose at this country, a country without which he would still be in exile, by recognizing the Castro regime in Cuba. Perhaps that act displays his true political orientation, but for whatever reason, he did it. I will have some questions about that, as well as some other things.

Mr. Chairman, I agree with your opening statement. I appreciate your hospitality and look forward to hearing the testimony of our distinguished witnesses.

Mr. CALLAHAN. Miss Pelosi.

MS. PELOSI'S OPENING STATEMENT

Ms. PELOSI. Mr. Chairman, I don't have a formal statement. I do want to join you in welcoming our witnesses this morning. While I'm respectful of the criticisms that our distinguished chairman has presented, and you as well, I want to point out that the successful democratic transition in Haiti is one that I think we should be proud of and that our policy has played an important part in that. I am very much interested in hearing the Secretary's testimony today.

Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Watson.

MR. WATSON'S OPENING STATEMENT

Mr. WATSON. Thank you very much, Mr. Chairman.

With your permission, I would like to submit my full statement for the record, and then make a much briefer oral presentation in which I will refer to some specific things that are elaborated on more fully in the written statement.

Thank you very much for this opportunity to appear before the committee to discuss U.S. expenditures in support of the restoration of democracy in Haiti.

A little later this morning, as you pointed out, Mr. Chairman, President Preval will be meeting with President Clinton. As the first democratically-elected Haitian President to succeed an elected incumbent in history, his visit marks a turning point in Haitian history and we think in United States-Haitian relations. President Preval will also be talking to Members of Congress—I believe he talked to some Senators yesterday and came to the House I think this morning—about the need for economic reform and the rule of law in Haiti, and the importance of continued U.S. support in these areas.

In my responsibility as Assistant Secretary for Inter-American Affairs, I focus broadly on the entire western hemisphere. Haiti's problems affect the entire region and are not unique to Haiti. They may be more extreme in Haiti, but they exist with many of our neighbors who are struggling to address them, and have over the years, very often with our help.

The reason the countries of this hemisphere took these unprecedented measures in Haiti to restore democracy was because they perceived it clearly in their own self-interest for every democratically-elected government in the region to take those steps. Thus, our success in reversing the coup in Haiti is a success for the policy of supporting democracy in our region, a policy which has been pursued vigorously and successfully under both Republican and Democratic administrations.

On February 7, as I mentioned, Rene Preval was inaugurated as President of Haiti in the first peaceful and constitutional transfer of power from one freely-elected president to another in that country. Through this unprecedented event, the political leaders of Haiti, including, of course, President Aristide, demonstrated their commitment to the establishment of democratic processes in accordance with the Haitian constitution.

This commitment stands in stark contrast to Haiti's long history of military governments and dictators who care little for democracy or the welfare of the Haitian people.

We have seen some real improvements in the last 18 months. Several elections have been held, the Army has been disbanded, the new civilian Haitian National Police has deployed 5,300 new officers, and local government around Haiti is now in the hands of over 2,000 elected officials.

The international community—not just the United States but others as well—has been working with the government of Haiti to address the problems plaguing the justice system. For example, over 100 judges and prosecutors have participated in intensive courses in the magistrates school.

Modest progress has also been made on the economic front as well. But the private sector has not responded to the end of the embargo as quickly as initially hoped. Mr. Chairman, in your opening remarks you touched on many of the key issues that remain to be addressed, and we expect they will be addressed by President Clinton with President Preval in their meeting later this morning.

The recent extension of the mandate of the UN Mission in Haiti will provide additional breathing space. Guarding the country's political stability and internal security are essential preconditions to addressing the range of serious economic, political and social problems Haiti still confronts.

I would like to take a moment, Mr. Chairman, to address briefly a couple of immediate issues that I know are of particular concern to the Congress, as well as to the administration. One of the most troubling developments since the introduction of the multinational force has been the approximately two dozen execution-style killings which have occurred. I am pleased to be able to report to you today that none of the individuals of the Aristide government security forces that had been implicated in these murders remain in the Haitian security forces or the political structure which supervises them. They have removed all these people over the last few days, including some earlier this week.

Now, our ability to condition our assistance in such a way as to strengthen those in Haiti who support democracy and the rule of law depends in no small measure on our ability to keep our word and deliver promised assistance when those conditions have been met. We therefore look forward to resuming assistance to the Haitian National Police and are discussing this with Members of Congress.

In addition, we have made very, very clear to the government of Haiti, at all levels, that a thorough investigation of these execution-style killings is crucial both to establish the rule of law and to maintain international support.

I want to reiterate our position very clearly. The administration's intentions with respect to the implementation of Section 583 of Public Law 104-107, called the Dole Amendment, have been clearly stated to Congress and are set forth for the record in my prepared statement. We are hopeful that the criteria of the Dole Amendment will be met.

Another concern is the recent behavior of the security forces in the large Port au Prince slum called Cite Soleil. This behavior is quite disturbing. We applaud the prompt action of the government of Haiti in commissioning a full investigation by the respected Inspector General of the Police. The lack of leadership in this incident demonstrated the need for decisions by the government of Haiti on the recruitment of capable supervisors and the need for specialized training in such matters as urban disturbance management, which our police assistance program will be providing when it resumes.

Mr. Chairman, without question, the most profound issues facing Haiti and its poverty-stricken people are the development of economic opportunity and improvement in the living conditions of Haiti's people, as I think you indicated in your opening remarks. President Preval recognized the crucial role of the private sector in cre-

ating jobs and promises to pursue policies conducive to private investment.

Acknowledging the reality of Haiti's short-term dependence on external budgetary support, he has indicated his intention to move forward on privatization of state firms and to reopen negotiations on agreements with the international financial institutions.

It is sometimes asked whether restoring democracy in Haiti has been worth the costs. Our efforts in Haiti in fiscal year 1994, and the first half of fiscal year 1995, cost about \$1.2 billion. Since then, U.S. Government expenses in Haiti have dropped dramatically, falling to an annual level approaching that of pre-September 1994—that is, before the intervention. In fiscal year 1996, U.S. assistance to Haiti is expected to be approximately \$120 million, with a similar level anticipated for fiscal year 1997. This compares to our fiscal year 1991, before the coup that overthrew President Aristide, assistance of about \$80 million a year. It should also be noted that during the first two years of the de facto regime, the Cedres regime—that is to say, fiscal years 1992 and 1993—U.S. humanitarian assistance to Haiti totaled \$107 million.

The point here is that we have been providing considerable assistance to Haiti over the years, a little more, obviously, recently, immediately post-intervention, and now it's coming back down.

Supporting democracy, in our view, has proven more cost-effective than dealing with the consequences of tyranny. It is unquestionably a better investment, one which will prepare the basis for increased private sector investment in Haiti, a prerequisite for sustainable economic development.

One serious concern we have is that \$6.7 million in assistance for programs which are not within the scope of the Dole Amendment has been on hold by the Senate since January. We believe it is not appropriate to hold this needed assistance, which is largely a continuation of programs which we have conducted in Haiti for years, under both Republican and Democratic administrations. We will be continuing to work with the Senate to have this hold lifted.

The path to a better future or, God forbid, a return to the Haiti of old, is now in the hands of the new Haitian government. It must act quickly and decisively to maintain the gains made with the restoration of democracy in 1994 and to regain the momentum of that moment. But it will continue to need our help and that of the rest of the donor community. The people of Haiti must still make enormous sacrifices to bring their country into the 21st century with the rest of the hemisphere and we will help them along that path as we have helped many of its neighbors in the past.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Watson follows:]

STATEMENT OF
ALEXANDER F. WATSON
ASSISTANT SECRETARY OF STATE FOR INTER-AMERICAN AFFAIRS
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE
MARCH 21, 1996

Mr. Chairman,

Thank you for the opportunity to appear before this committee to discuss U.S. expenditures in support of the restoration of democracy in Haiti. A full, detailed discussion of this subject could take hours to present. Instead, I would like to briefly evaluate our policy and then my colleagues and I will be glad to respond to specific questions.

A little later this morning, President Preval will be meeting with the President. As the first democratically elected President to succeed an elected incumbent, his visit marks a turning point in Haitian history and in U.S.-Haitian relations. President Preval will also be talking to Members of Congress about the need for economic reform in Haiti, as well as his vision for the development of the rule of law and democratic institutions in Haiti, and the importance of continued U.S. support in these areas.

As Assistant Secretary, I focus broadly on the entire region in which we live. Haiti is part of the hemispheric community and its problems affect the entire region. When you have worked in and traveled through the hemisphere as long as I have, you quickly realize that Haiti's problems are not

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unique. While these problems may be worse in Haiti than elsewhere, political instability, health and environmental problems, economic and social restructuring are problems which many of our neighbors are struggling to deal with. And these are problems which with our help many of our neighbors in the hemisphere are overcoming.

During Secretary Christopher's recent trip through the region, we discussed Haiti with a number of the countries such as Argentina and Trinidad and Tobago that took leading roles in the UN Mission in Haiti (UNMIH) and its predecessor, the Multinational Force (MNF), which restored democracy to Haiti. These countries and others in the hemisphere initially worked with us through the OAS in calling for a trade embargo of Haiti, launching an intense diplomatic initiative in the hope of solving Haiti's political crisis peacefully, and sending the International Civilian Mission (MICIVIH) and the Inter-American Commission on Human Rights to bear witness to Haiti's appalling human rights situation during the coup period.

They and we took these unprecedented measures in Haiti because it was in the self-interest of every democratically-elected government in the region to do so. The message was for the hemisphere at large -- "The days of dictators and coups are over. Anyone contemplating the overthrow of a democratically-elected government anywhere in

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the region can expect a strong, united hemispheric response. Coups will not be permitted to succeed." Thus, our success in reversing the coup in Haiti is a success for the policy of supporting democracy in our region, a policy which has been pursued vigorously under both Republican and Democratic Administrations.

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Let me turn to where Haiti is today and how far we have come in less than 18 months.

On February 7, Rene Preval was inaugurated as President of Haiti in the first peaceful and constitutional transfer of power from one freely-elected president to another in that country. Through this unprecedented event, the political leaders of Haiti demonstrated their commitment to the permanent establishment of democratic processes in accordance with the Haitian constitution.

Former President Aristide remains a very charismatic figure who symbolizes the hopes of the Haitian poor for a better life free from violent repression. There are many in Haiti who believed, and still believe, that he should have been allowed to serve an additional three years to make up for his time in exile. Still others would have liked to see him be President for as long as he liked.

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However, President Aristide himself set in motion the presidential election process that led to his peaceful handing over of power in accordance with the provisions of the constitution after the expiration of his five-year term. President Aristide stressed the importance of establishing the constitutional precedent of a legitimate transfer of power for the future of Haitian democracy over his personal beliefs or that of his most ardent supporters. He noted that "the second [Presidential] election is more important than the first in a democracy".

We believe that President Aristide's demonstrated commitment to constitutional rule will be a fundamental principle of future political life in Haiti. This stands in stark contrast to Haiti's long history of military governments and dictators who cared little for democracy or the welfare of the Haitian people.

In today's Haiti there is a new sense of personal security due in large part to our efforts to rebuild and strengthen the rule of law. We have made major progress. Only eighteen months ago, prior to the U.S.-led intervention, the system of law enforcement and justice was in an appalling state. There was no police force, and the Haitian Army was widely viewed as an enemy of the people. Judicial institutions were virtually moribund. The de facto regime which overthrew President Aristide was sustained by repression and brutality.

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We have seen some real improvements. The Army has been disbanded. The new civilian Haitian National Police has deployed 5,300 new officers, selected in an open, apolitical, rigorous and competitive national process. The repressive system of "section chiefs," or rural strongmen, has been abolished. Local government around Haiti is now in the hands of over 2,000 elected officials.

Two hundred years of rampant corruption and governmental neglect have left deep marks on Haiti's justice system, but halting progress is being made. The Government has acknowledged that judicial reform is critical, and has worked with the international community to address some of the problems plaguing the system, including understaffing, untrained and incompetent staff, and inadequate compensation. Last July, the Ministry of Justice with assistance from the U.S. Agency for International Development and the U.S. Department of Justice opened a school for magistrates as mandated by the Haitian constitution. During its first three months, the school put over 100 judges and prosecutors through intensive two-week training courses, and will continue to focus on short and long term training for justices of the peace and trial judges. The international community has also provided training for prison staffs, and assisted in the physical rehabilitation of courts and prisons.

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Modest progress has been made on the economic front as well. Haiti's gross domestic product grew 2.7 percent in 1995 after declining about 30 percent in the previous three years. Inflation has fallen from 52 percent in 1994 to 25 percent in 1995. Exports expanded sharply, to \$100 million in 1995 from \$52 million in 1994, although they still achieved only half the levels of the late 1980s. The private sector has not responded to the end of the embargo as quickly as initially hoped, as potential investors have taken a wait-and-see attitude. As a result, unemployment is still estimated at about 70 percent.

Serious problems remain to be resolved. However, the recent extension of the mandate of the UN Mission in Haiti will provide additional breathing space to foster the strengthening of Haiti's democratic rebirth in an atmosphere conducive to economic and social development. International peacekeeping troops and civilian police will continue to support the efforts of the Haitian National Police to provide the secure conditions under which the Haitian Government and people will take responsibility for the future development and advancement of their country. Guarding the country's political stability and internal security are essential preconditions to addressing the range of serious economic, political and social problems Haiti still confronts. The U.S. and other governments are committed to assisting in this effort, but only the Haitians' own resolve and ability to make difficult decisions will determine success or failure in the end.

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One of the most troubling developments since the introduction of Multinational Forces has been the approximately two dozen execution style killings which have occurred. The Administration and Congress have worked closely together to make clear to the Government of Haiti that we cannot support security organizations which retain in their ranks individuals who we have credible reason to believe are implicated in such offenses. I am pleased to be able to report today that none of the individuals of the Aristide government security forces who were implicated in these murders remain in the Haitian security forces or the political structure which supervises them.

The removal of such individuals from the security forces is a significant and crucial first step. Bringing those guilty to justice is the other half of the equation. Ending the climate of impunity for government officers who commit crimes is a major step forward in the development of the rule of law.

The Administration has made clear to the Government of Haiti at all levels that a thorough investigation of these offenses is crucial both to establish the rule of law and to maintain international support. Congress has sent a similar message in the form of Section 583 of Public Law 104 - 107 (the

Dole Amendment) which prohibits the provision of assistance (other than humanitarian and electoral assistance) to the Government of Haiti unless the President reports to Congress that the Government of Haiti is conducting thorough investigations of political and extrajudicial killings and is cooperating with American authorities in this respect. The President has delegated his functions under that provision to the Secretary of State.

The Administration's intentions with respect to the implementation of that provision of law have been clearly stated to Congress and consistently followed in practice, but I believe it useful to reiterate our position clearly.

When Section 583 became law on January 26, 1996, the Administration again examined the progress of the Haitian authorities' investigations into execution-style murders. We concluded that while progress had been made in terms of establishing a Special Investigative Unit, appointing an Investigative Magistrate and Prosecutor, and seeking international assistance, we could not document sufficient progress to permit us to make the report to Congress called for in the statute.

Since any delay in completing the basic training and deployment of the police would have called into question the

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timely withdrawal of U.S. forces from Haiti, after consulting with Congressional staff, including staff of this committee, the Acting Secretary of State on February 6, 1996 signed a waiver determination, pursuant to Section 583(c) of the statute, that continuing assistance was "necessary to assure the safe and timely withdrawal of U.S. forces from Haiti."

I wish to confirm that the only assistance within the scope of Section 583(a) which the Administration intends to provide during the period in which U.S. peacekeeping forces are withdrawing is assistance to the Special Investigative Unit formed to investigate the political and extrajudicial killings and assistance to the Haitian National Police. Should it prove necessary, and after consultation with Congress, it is also possible that we may find it necessary to obligate additional assistance to the Haitian Parliament, the justice system, and local governments during this period. We do not envision obligating funds to provide any other assistance to the Government of Haiti during this period, and would consult fully with the Congress should an unforeseen requirement arise.

When the Administration concludes that the Government of Haiti is conducting investigations as called for in Section 583, we will so report to the Congress. In that event, the restrictions on assistance based on Section 583 would no longer apply. If the Administration cannot report that the Government

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of Haiti is conducting the required thorough investigations by the time U.S. forces have substantially completed their withdrawal, we would review, in consultation with the Congress, whether and to what extent to continue assistance within the scope of section 583 to the Government of Haiti.

We are hopeful that the criteria of the Dole Amendment will be met. The new government has moved to reinvigorate the Special Investigative Unit formed last October to investigate a number of high profile murders committed both during the coup period and following President Aristide's return. The investigative police trained by ICITAP have returned to their duties after the previous government drew them off to other cases. The Government of Haiti has agreed to provide them office space conducive to the professional conduct of these investigations. The UN Civilian Police have provided advisers, and the Department of State has contracted two experienced investigators to work with them. These individuals have been working with the Special Investigative Unit and helped them develop an investigative strategy for certain of the high profile cases. The FBI has briefed the investigators on its own investigation of the Bertin case, and has answered follow-up questions and offered assistance in forensic laboratory work. We are convinced that if the Government of Haiti names a strong leader to the team and otherwise demonstrates its strong backing for the conduct of the

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investigation, the ingredients are there to produce the thorough, professional investigation we all seek.

Mr. Chairman, we strongly believe that we must use our influence and condition our assistance in such a way as to strengthen those in Haiti who support democracy and the rule of law. Our ability to do so depends in no small measure on our ability to keep our word and deliver promised assistance when our conditions have been met.

After completing training of the last class of basic recruits, our police training program has been effectively closed down for a month due to the conditions that the Administration and Congress established concerning the presence of suspected killers in the security forces. Now that these conditions have been met, we are working with the Congress to secure release of a hold on training funds so that the police can receive much needed specialized training. One program that has been interrupted is the training of a unit to deal with Urban Disturbances. This capability is clearly needed in today's Haiti. Similarly, programs of remedial training on when and when not to use firearms, as well as supervisory and investigative training all depend on re-opening the Police Academy as soon as possible.

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The recent events in the Cite Soleil neighborhood of Port au Prince point up the urgent necessity for getting on with this crucial specialized training. On March 6, in response to an attack on police in that area possibly perpetrated by the "Red Army" gang, the police and the Ministerial Security Guards -- who are supposed to be watchmen in government buildings -- took action that resulted in the killing of seven civilians. Though he assumed office only on the morning of the incident, Police Director General Denize reacted promptly, ordering an investigation by the highly respected Inspector General of the National Police, and promising severe disciplinary measures. We are hoping to see the Inspector General's preliminary report in approximately two weeks. Preliminary reports from international human rights observers and UN civilian police indicate that the abuses appear to have been committed by the Ministerial Security guards.

While pointing to the need to get on with our training program, the events in Cite Soleil also highlight what is perhaps the most serious security problem faced by the Haitian authorities -- the lack of qualified mid-level supervisory personnel throughout the security forces. The best trained young basic recruits cannot perform effectively if they do not have capable leaders. Equipment and supplies cannot be utilized effectively without supervisors. And discipline essential to a professional police force cannot be maintained without accountable leadership.

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President Preval and the Haitian Senate have made a good start in their selection of the senior leadership of the police and in instituting a system of promotion from within of the most meritorious young police officers to first line supervisor positions. We are encouraging the Government of Haiti to adopt a system for recruiting and training on an apolitical basis from all walks of life qualified individuals to fill the positions in between.

While it remains for the Haitian government, parliament and people to address the serious problems which remain, there is abundant evidence of an improvement in the overall human rights situation for the vast majority of the Haitian people, and this in itself indicates bright prospects for strengthening the rule of law taking hold. The authorities' respect for individual liberties and political freedom, while far from perfect, is genuine. There is a seriousness reflected in the deliberations of the newly-elected Haitian Parliament and its relationship with the executive which has breathed new life into Haiti's Constitution.

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Without question, the most profound issue facing Haiti and its poverty-stricken people is the development of economic opportunity and improvement in the living conditions of Haiti's

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people. Although the new economic team is now in place, the government of Prime Minister Smarth has not yet had time to tackle the difficult economic issues it inherited from its predecessor. Nevertheless, even before his inauguration, President Preval reached out to reassure the local business community of his commitment to private sector development. He recognized the crucial role of the private sector in creating jobs and promised to pursue policies conducive to private investment.

President Preval has consulted with various political groups in Haiti as well to build consensus on economic reform. Acknowledging the reality of Haiti's short-term dependence on external budgetary support, he has indicated his intention to reopen negotiations on agreements with the international financial institutions by April 15, 1996.

In this connection, it is sometimes asked whether restoring democracy in Haiti has been worth the costs. Our efforts in Haiti in FY 1994, the year before President Aristide's return, cost nearly \$560 million. Much of this was spent in the last quarter of the year in preparing for President Aristide's return, but almost \$300 million of this when to pay for migration and safe haven operations, sanctions enforcement, and humanitarian assistance. In the first half of FY 1995, i.e. up to March 31, 1995 when the U.S.-led Multinational Force

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completed its task, the U.S. spent \$600 million on Haiti related operations and assistance for an 18 month total of about \$1.2 billion.

Since then, U.S. Government expenses in Haiti have dropped dramatically. U.S. operations and assistance to Haiti in the second half of FY 1995 dropped 50 percent from the first half to \$300 million. This year, FY 1996, U.S. assistance to Haiti is expected to be approximately \$120 million; and a similar amount is anticipated for FY97. This compares to our FY91 (pre-coup) assistance of \$80 million. It should also be noted that during the first two years of the de facto regime, i.e. FY 92 and FY 93, U.S. humanitarian assistance to Haiti totaled \$107 million.

Our humanitarian assistance to Haiti has traditionally been designed to meet important health, education, and development needs. In this regard, \$6.7 million in assistance to three health, education, and training programs which are not within the scope of the Dole Amendment has been on hold by the Senate since January. We believe that it is not appropriate to hold this needed assistance which is largely a continuation of programs we have conducted in Haiti for years under both Republican and Democratic Administrations and Congresses. We have been working with the Senate to have this hold lifted.

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Eighteen months ago, the U.S. was left to deal largely unaided with the humanitarian and refugee crisis in Haiti. Today, other countries and multilateral institutions are contributing most of the costs of the peacekeeping presence, and the bulk of the economic assistance. With the replacement of the Multinational Force by UNMIH on April 1, 1995, the United Nations assumed most of the peacekeeping costs. At the donors meeting on Haiti in Paris in January 1995, the multilateral institutions and other bilateral donors pledged more than \$1 billion in humanitarian and developmental assistance to Haiti for FY 1995-1996.

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Supporting democracy has thus already proven more cost effective than dealing with the consequences of tyranny. It is unquestionably a better investment, one which will prepare the basis for increased private sector investment in Haiti, a prerequisite for sustainable economic development.

Haiti's democracy remains fragile, its new security structures inexperienced and untested, and economic renewal is at best tentative. A year and a half after the American-led intervention, the economy has stabilized, and the political and security situation in Haiti has dramatically improved. These improvements have advanced to a point which permits a more

modest onward international presence in Haiti, one to ensure a smooth and sure transfer of key functions enabling Haitians to assume responsibility for their own future.

The path to a better future or a return to the Haiti of old is now in the hands of the new government. It must act quickly and decisively to maintain the gains made with the restoration of democracy in 1994 and to regain the momentum of that moment. But it will continue to need our help and that of the rest of the donor community. The people of Haiti still must make enormous sacrifices to bring their country into the 21st century with the rest of the hemisphere and we will help them along that path as we have helped many of its neighbors in the past.

Mr. CALLAHAN. Thank you, Mr. Secretary. Your comments echo what the President has been saying, that this is one of the most successful foreign ventures we've had in this country in maybe this century. There may be some question on that.

Mr. Chairman, I know you have another meeting. Do you have any questions?

HAITIAN POLICE FORCE

Mr. LIVINGSTON. Yes, I do, Mr. Chairman. I would like to touch on about three issues.

One I will not prolong is one that you, Mr. Secretary, have already touched on, and that was my concern about the police force and some of the terrible incidents that did implicate some of the police officers. I'm glad to hear what you've said, that those people implicated have been dismissed. But I hope we will be vigilant, to make sure that we're not simply exchanging one set of thugs for another.

Mr. WATSON. Yes, sir.

Mr. LIVINGSTON. That is not in our interest and does not do justice to the sacrifices that our young people in uniform have made down there, or that the American taxpayers have made on behalf of Haiti.

DIPLOMATIC RELATIONS BETWEEN HAITI AND CUBA

The fact is that the United States has committed close to \$2 billion in restoring President Aristide to power in Haiti. He would never have regained the presidency without U.S. men and resources. And in his last official act as president, he decided to repay us by restoring diplomatic relations with Cuba.

Do you know why he took that action?

Mr. WATSON. We do not know why he took that action, sir. We have expressed our concern to him and also to the Preval administration, including through the Foreign Minister, who has assured us there will be no establishment of diplomatic missions exchanged between the countries. They will manage their relationships between their representatives to the United Nations. But we told them that we do not appreciate this act and we certainly hope, now that they have done this, that they will use their influence with the Cubans to push for a peaceful transition towards democracy in Cuba and respecting human rights in that country.

Mr. LIVINGSTON. Especially in view of the recent tragedy, in which the Cuban armed forces deliberately and intentionally, and with some great forethought, shot down some unarmed American citizens in Cessna airplanes over international waters.

I would hope you would express that it is the view of the Congress that this recognition is a slap in our face and in the face of all American citizens, and that we deplore that action in the strongest possible terms. I hope they will be made to understand how strongly we feel about that.

Mr. WATSON. We will convey that.

FBI INVESTIGATIONS OF POLITICAL KILLINGS

Mr. LIVINGSTON. Secondly, the FBI went down to Haiti to investigate some two dozen, what appeared to be political killings, that was negotiated between the State Department and the diplomatic corps of Haiti, and they were accepted into the country. But, unfortunately, their investigation apparently met with total stonewalling, an absolute frustration. They were forced to just throw up their hands in despair because they couldn't get anywhere, and they came out.

The fact is, numbers of opposition leaders within the government and in the private sector have been executed, killed, assassinated, presumably by friends of the Aristide government, and not only has nothing been done about it, but evidently nobody has raised a fuss about it at all because there's no evidence to be gained.

Would you like to comment on that?

Mr. WATSON. Yes, sir. I can't comment on all of the efforts made by the FBI in the past, but I do think it's correct to say that they ran into very serious frustrations in pursuing their investigation.

What has happened since then, though—and we're pressing this very hard with the new administration of President Preval, and his Prime Minister Rosny Smarth—is that a special investigative unit which was set up in October now seems to be functioning. We have support from the UN civilian police and also a couple of American experts are now on the scene working closely with them. This group is putting together a work plan to address the more than 80 different cases which have been brought to their attention, including the ones that you referred to.

We think it is absolutely crucial, as I tried to indicate in my written statement and briefly in my oral remarks, that these cases be pursued vigorously. We will keep in that and keep the committee informed of their progress.

Mr. LIVINGSTON. I appreciate that everybody was tasked as long ago as six months, but the fact is, on February 10th of 1996, Secretary Perry testified before the Congress that Haiti had impeded an FBI investigation into the killing last year of Miveille Durocher Bertin, a Haitian lawyer, who was a prominent foe of Aristide. That wouldn't imply to me that we're getting very far.

Mr. WATSON. I wouldn't disagree with Secretary Perry. That was three days after President Preval took office. I have been working very diligently with them on this and since that time these two American experts, who are French speaking, are down there working with them. So I didn't mean to exaggerate its importance, but I just want to note its recent progress in terms of doing precisely what you wanted to do.

The FBI has shared with the special investigative unit the results of its investigation, so that these people, including these two Americans working with them, and the fellows from the UN working with them, have the information that the FBI develops. I can assure you we will be pushing them and this will be a subject that is discussed in the White House today.

Mr. LIVINGSTON. Obviously, Mr. Secretary, with the expenditure of resources we have made, in addition to our concern about the

recognition of Cuba, we are even more concerned about political killings down there.

Political killings anywhere have always been the cause of great consternation in the Congress, whether they're killings from the right or the left. It doesn't matter who the perpetrators are, we want to see them brought to justice, and we want to see some quick action.

Finally, I noticed yesterday that there's a quote that AID Administrator Brian Atwood made, the wonderful guy that he is, where he said, "It's clear that some very important Members of Congress don't want us to succeed in Haiti."

Who do you think he was talking about?

Mr. WATSON. I do not know who Brian Atwood was talking about. I have not seen the full text of his remarks.

Mr. LIVINGSTON. Do you know, Mr. Schneider?

Mr. WATSON. I don't know what "succeed in Haiti" means, but I think that we have collaborated closely with Congress and I think we're making good progress, and we will continue to do that.

Mr. LIVINGSTON. Mr. Schneider?

Mr. SCHNEIDER. No, I don't. I do know that he was expressing concern about the hold that exists on several projects that the Secretary just mentioned.

Mr. CALLAHAN. It certainly wouldn't be anybody in this room. [Laughter.]

Mr. LIVINGSTON. No, I wouldn't think it would.

For my own part, I would admit that before we went into Haiti—and I am pleased. I think it has gone a lot more smoothly than I anticipated.

I recall about a week before our troops actually went into Haiti, the President made a Saturday morning message on his intent to send troops and invade the poorest country in the western hemisphere. I replied that I thought it was an abysmal, horrible, terrible idea, and I predicted gloom and doom.

As I look at the economic impact in Haiti today, I realize I was wrong. We didn't get doom. We might have a lot of gloom. But the point is, with the good help of the office of former President Carter, Senator Sam Nunn, and General Colin Powell, who interceded following my statement from before our troops hit there, we didn't have to invade the country. We went in as peacekeepers. It was fortunate that my worst and most dire predictions didn't come true. I think they might have had we—I still think they would have had we invaded that country and declared war, again on the poorest people in the western hemisphere.

But, that being said, the reason that all of those thousands of boat people, where people were jumping on boats that were unsafe for human use, fleeing their shores, was because the United States, in its own lack of wisdom, had implied sanctions on that very desperately poor country in order to punish the dictators of the country of the time.

That obviously didn't work in the best interest of the country. Subsequently things have improved, and I give the administration great credit for the fact that, with the turn of events, and because of the good help of President Carter and Senator Nunn and General Powell, that things have gotten better. We pointed to areas

where they can get better still, and obviously there are still a lot of deficiencies in what's happening.

HAITIAN ECONOMY

I am still very, very much concerned that when we leave, they may well revert to where we were before we got there. But, ultimately, it will be the Haitian government and the Haitian people who will decide whether they succeed or fail. All of the foreign aid in the world won't save Haiti if the government is not committed to a viable private sector economy and is not willing to take the short-term political risks it must make to privatize state-owned businesses.

PRIVATIZATION

I understand right now that virtually the whole economy is state-owned or state-directed or state-mandated in conformance with some of the economic views of former President Aristide. But so far I don't believe the administration has pushed Haiti hard enough in that direction, in the direction of privatization.

As I indicated, we sent well over 20,000 young Americans to that country to take the risk for democracy, and in return we had a president who was not willing to lay the foundation for a strong private sector, did not seem willing to root out possible political murderers in his administration. I only hope that the new president, who apparently here on the Hill today, is different.

I ask you finally, then, is there any hope that we will see a free market in Haiti, and if not, is there any hope that the doom and gloom that I initially predicted won't fall once again on that small unfortunate place in the western hemisphere?

Mr. WATSON. I think that your concerns, Mr. Chairman, are shared by us as well. The fear, as I tried to touch on in my opening remarks, is that Haiti will not be able to overcome its past and will fall back into the habits of the past, which I would not blame entirely or even importantly and significantly on President Aristide. This comes from 200 years of brutal dictatorial rule and the fact that most of the major industries in state hands come from the Duvalier period, not necessarily from the Aristide period. But we certainly would have liked to see President Aristide move forward more rapidly on privatization.

For us and for the International Monetary Fund and the other institutions that are prepared to help Haiti, it is crucial that they make steps forward on civil service reform—the chairman mentioned that—and also on privatization.

It was heartening to hear President Preval say Monday of this week that he was prepared to move forward to privatize not just the two firms that we have been most eager to see them work on, which is the flour mill and the cement plant, but also the telephone company and the electric company. What exactly that means remains to be seen. That is a topic that will certainly be discussed at the White House meetings today. I think it's absolutely crucial to get that economy moving. They have to create a private sector that will generate jobs, and they have to create confidence for the private sector to invest. That's pretty obvious.

The flour mill hasn't been working for many, many years. People are still being paid for doing nothing. That's crazy. It could be a productive mill with some investment, we think. We have to get moving forward on that.

I think President Preval will hear the same message when he talks to Mr. Camdessus of the International Monetary Fund, as well as representatives from the Inter-American Development Bank and the World Bank. So I think we're on the same wave length and we are pushing in that direction. We're trying to use the leverage of our influence to encourage them to move in that direction.

Mr. LIVINGSTON. I wish you well.

Thank you very much, Mr. Chairman, and thank you, Mr. Secretary.

Mr. CALLAHAN. Miss Pelosi?

Ms. PELOSI. Mr. Chairman, I'm going to yield to Mr. Torres.

HAITI'S PROGRESS TOWARDS IMPLEMENTING ECONOMIC REFORMS

Mr. TORRES. I thank the gentlelady for yielding. Thank you, Mr. Chairman. Welcome, Mr. Secretary, Mr. Schneider.

I had an opportunity to read your statement. I got here a little late. Mr. Livingston just raised some questions with you on the Haitian economy, namely, privatization. I wanted to ask you, in terms of that, how you would characterize Haiti's progress towards implementing economic reforms required by the international financial institutions, in areas such as stabilizing the currency, reducing tariffs and eliminating arrearages on foreign debt payments.

Mr. WATSON. Let me say a few words, if I may, and then ask Mark Schneider to contribute some as well.

I think that in the early days of the new administration of President Aristide, they made some good steps. They got inflation down; they got their economic growth up for the first time in a decade; they got their currency, that was devaluing rapidly, stabilized.

I think it's safe to say and fair to say, however, in the last few weeks of President Aristide's regime, there was some backtracking in some of those and not the progress we would have liked to have seen on privatization and some other areas. That's why those issues have become even more urgent right now in our discussions with President Preval.

If he can make the moves—and they're going to be controversial, politically, within Haiti, but he's got to find a way to do this—make the moves to privatize and to reform the structure of the government, the civil service, we think that with the resources that are potentially available from the international community—not so much from us bilaterally but much more from the World Bank and the IDB and International Monetary Fund—they have a chance to get that economy moving again.

They had a fairly robust assembly sector there that collapsed during the period of rule by the military, and it has built up a little bit but still it's only about a third the number of jobs that it had previously. That could recover if people had confidence in the economy. That's why it's so important for these reforms to take place and for privatization to occur.

But I think the IMF, the World Bank and others, are absolutely right in insisting that before they start providing the kind of support Haiti needs, that these reforms be taken.

Mr. SCHNEIDER. I think it is important to set Haiti in its historical context. The one comment that the Secretary just made, it seems to me, is very telling.

GDP GROWTH AND UNEMPLOYMENT

Last year Haiti had 3½ percent GDP growth, the first per capita GDP growth since 1980. So that indicates they, in fact, were able for the first time to begin to apply the benefits of growth to deal with the problems of poverty in that country.

Mr. CALLAHAN. If the gentleman will yield, how could the GDP go up when unemployment increased 100 percent?

Mr. SCHNEIDER. I think unemployment was about 70–75 percent, which is what it's been—

Mr. CALLAHAN. It was 40 percent and now it's 80 percent, so I'm told. Just how could you have—I mean—

Mr. SCHNEIDER. Unemployment increased during the three years of the de facto regime, when GDP declined 30 percent, Mr. Chairman.

Mr. CALLAHAN. If the gentleman would further yield—

Mr. TORRES. I yield.

Mr. CALLAHAN [continuing]. Probably the reason for the GDP increase was foreign aid. I mean, if you're going to consider that as some type of economic indicator of things being better now, I don't think economically, from a privatization point of view or any other point of view, that you ought to come in here and say that things are looking good, that GDP is up in Haiti, when unemployment is at 80 percent, and the only real new industry coming into Haiti is foreign aid, mostly our money, and the money our soldiers have spent down there. I don't think that's a true assessment, with all due respect.

Mr. SCHNEIDER. If I could, the other elements that relate—some of the foreign aid did, in fact, result in private industries in the agricultural sector, about six of them, beginning to start up again in the private sector. There are guarantees for them to begin.

Similarly, some of the foreign aid resulted in private construction firms beginning to operate, and hopefully that will be sustained. So I understand your point.

The only other point I would make with respect to the economic situation is that inflation also has come down to about 25 percent, versus about 50 percent previously. And while we really do have hopes that the assembly sector can come back, it has started back with about 12,000 jobs during this time period.

PRIVATIZATION

The key, however, is privatization. Yesterday we met with President Preval and he indicated again his commitment to begin that privatization process within a relatively short time. I should add that what is more important, he said that in Haiti, publicly—and he went out to the countryside and explained to the people that the only way we're going to get money to invest in agriculture is to get rid of some of these state-owned firms. He gave them this example.

He took off his watch and he said, "If a child is sick, what do you do with this?" The people shouted back, "You sell it." He said, "Well, our economy is sick, so what we have to do is sell some of those factories." He talked about the telephone company, the electric company, the flour mill and all that.

HAITIAN REFUGEES

Mr. TORRES. Mr. Secretary, as you well know, the House has been engaged yesterday and today on major immigration reform issues, and I would like to ask a question as it relates to refugees.

How many Haitian refugees still remain at the Guantanamo Naval Base?

Mr. WATSON. I believe there are none.

Mr. TORRES. There are none.

As far as you know, how many Haitians have requested asylum—I know a number did. Do you know that number for the last year and how many cases are still pending?

Mr. WATSON. I think all the cases, it's my understanding, are being processed. Nobody is waiting to be engaged by the bureaucracy to have their case determined. But I will get those figures up to you this afternoon.

Mr. TORRES. Lastly, what effect do you think a U.S. disengagement in Haitian affairs would have on the migration question?

Mr. WATSON. I think it is absolutely crucial, Congressman Torres, that we continue to remain fully engaged in Haiti, for the same reasons the chairmen have indicated, that there is a danger of Haiti sliding back.

You don't change a political culture overnight. You don't change 200 years of history overnight. We see all the old habits bursting out from time to time, and the important thing is to try to keep this new process moving forward.

I have been favorably impressed, for instance, by how well the new parliament is working. They don't have any tradition of a functioning serious parliament. They had parliaments that were creatures of Duvalier or other dictators. This parliament is serious. These guys are dealing with the executive branch in a constructive way, in a real debate and a real dialogue, something that I, frankly, would not have thought possible so early in this political transition.

That's the kind of thing we need to keep doing. We absolutely have to keep insisting that they get a supervisor in the police force, because the army has been eliminated. I think that's a blessing, but you've got to have law and order in a country that's not used to law and order. They have to learn this and they have to have good supervisors in the police. That's crucial and we're insisting on that.

So our support and the support of the international community, not only for the economy as a whole but for the development of these democratic institutions, is essential.

If the country would start to fall back into the old ways, I'm terribly afraid that you would see again Haitians just throwing up their hands and saying "I have to get out of here." We would see rafters and people coming out in small boats again.

It's hard to predict. This means very personal decisions on the basis of people, and I think history would suggest that something like that might happen. So I think it's very strongly in our interest, from a variety of points of view, simply for the welfare of neighboring countries, the chance for economic growth and the well-being of those people, and the impact it has on our entire hemisphere in terms of strengthening democracy and free market economics, for us to remain fully engaged in this effort.

POLICE TRAINING

Mr. TORRES. Mr. Chairman, I was recently in Bosnia-Herzegovina and saw the effects of people running rampant, with no real police or law enforcement activity taking place there. I would imagine a similar situation would take place in Haiti if we didn't have some support action, to train their police, to deal with their crowd control problems.

Are the congressional holds on this kind of training assistance going to have that effect in Haiti?

Mr. WATSON. Well, we're working closely with Members of Congress to make sure we are able to continue to work with the police. I think there is general agreement that this is really a good thing to do, particularly if these "bad apples" have been weeded out, which they have been, as I mentioned earlier, and particularly if we can continue to get movement on investigations and get the police under better control than they demonstrated with this outburst—when, admittedly, they're under tremendous pressure, but still, police are paid to be able to withstand tremendous pressure—in the Cite Soleil instance.

I think we're discovering all over the world that good, effective police forces are absolutely essential to the functioning of democratic systems. It's not just Bosnia, but we discovered it in El Salvador and other places in Central America, as countries try to rebuild.

Particularly when traditionally repressive police forces have been eliminated, which is good, they will build new police forces out of nothing, and in a culture where the people are very suspicious of the police, it takes a lot of hard work. I think it's very important for us to remain engaged.

I am quite confident that we can, working with Members of Congress, get the holds lifted so that we can move forward. I think it's crucial.

Mr. TORRES. Thank you, Mr. Secretary.

I have no further questions, Mr. Chairman.

Mr. CALLAHAN. I would comment on the correlation between Bosnia and Haiti. We are going to establish some type of police authority in Bosnia as well, but if on a scale of population we run into the same situation in Bosnia, with the police force that we train and put in charge to preserve the peace, if we run into a situation where they're murdering people, such as the allegations that are coming out of Haiti, we're going to have some tremendous problems in Bosnia as well.

You mentioned in your opening statement that the administration feels like the Haitian government has made significant progress because they've transferred the people who allegedly did the murdering to some other functions. You know, that's not exactly a penalty for shooting someone in the back of the head.

Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

DEMOCRACY IN HAITI

Mr. Secretary, it's kind of interesting that you were just talking about the 200 years of history and that we have to create a democracy in Haiti, where when we went down there, I believe the war cry from the White House was we were going down to "restore" democracy. There was never a democracy there to start with. I think that's some of the dishonesty that we continue to get out of this administration when they talk about these kinds of policies.

In Foreign Affairs Magazine, Michael Mandenbaum states the administration's success in Haiti is bound to be—and I quote—"provisional, fragile, and reversible" because the administration failed to ask for or receive popular political support at home. In invading Haiti, the administration established long-term goals which were inconsistent with the short-term mission that the administration promised Congress and the people of this country."

Bottom line, do you think the current administration goals in Haiti to restore Aristide, to create democracy—not to restore it because they never had it to start with—and lift up the country's economic system, are compatible with the President's need and the Nation's demand for a short-term mission? That's what we told the American people we were doing in Haiti, a short-term mission.

Mr. WATSON. Well, Congressman, yes, I think they are. I think there was a flicker of democracy which was represented by President Aristide's election. It was snuffed out almost immediately, partly because of the weight of history. So, in effect, we were trying to restore democracy in the sense of restoring a regime that was democratically elected. Nobody doubted President Aristide's legitimacy, the legitimacy of the election which put him into power, but the weight of history was still, as I mentioned in my remarks, brutal dictatorships and repression of people.

INVOLVEMENT OF AMERICAN TROOPS

I think that when we talked about short-term involvement, we were talking about the time that American troops would stay there, either in the Multinational Force or subsequently as a component, significantly reduced but still a major component of the UN Mission in Haiti. I think the Administration has been absolutely true to its word.

We have now only about 800 American troops there, of whom about 600 are in the UN mission in Haiti, and they will be withdrawn by April 15th. The other couple of hundred people are there completely independent of the UN mission and completely independent of the effort to establish security in Haiti. They are there for what is called Exercise Fairwinds, where for our own purposes we have military engineers go to tropical countries—not just Haiti but others—to experience the conditions and to build things there

for their own preparation and training. The Pentagon will continue with these exercises as long as the Haitian government thinks they are useful, and our own military leaders thinks they are useful. They have no combat mission whatsoever, no security mission whatsoever. They are simply there to do engineering things, which are good for the Haitians because they can fix up hospitals and schools and other things, and good for our people to learn how to work in societies like that.

I would add it's also important, as a small waving of the American flag, that we are still engaged, but not in the peacekeeping, if you will, mode.

Mr. LIGHTFOOT. You said 800 there will be coming out on April 15th?

Mr. WATSON. I think there are about 800 there now, and 599 is the actual figure I have—that sounds too precise, so I said 600—that will be coming out on April 15th. These are the people we still have in the UN Mission in Haiti, and we are moving them out as the Canadians are moving in to take over these responsibilities.

The other 200 are these engineers who are engaged in specific kinds of projects that we do around the hemisphere.

HAITIAN REFUGEES

Mr. LIGHTFOOT. On the refugee issue, between October of 1994 and 1995 we had about 1,000 Haitian refugees, and Congressional Quarterly said in December the Coast Guard has now been picking up increasing numbers of Haitian boat people.

Is that number on the rise and do you have any figures that you could supply us with?

Mr. WATSON. I don't recall the specific figures now, but I'll certainly get them to you as soon as I can.

I think there has been a little rise, but certainly nothing compared to previous years. In other words, the situation is still relatively a good situation from that perspective.

Mr. LIGHTFOOT. I would appreciate a month-by-month breakdown on that number.

HAITI'S ARMED FORCES

How many members of Haiti's armed forces have been prosecuted and jailed for human rights violations?

Mr. WATSON. This brings me to a point I wanted to address, which is that these "bad apples" that were in the police, that are suspected to be implicated in these murders, none of these people were people who were trained by us in the new Haitian National Police. All these were former military or the interim police security force that was integrated into it.

I just want to say that so that the reputation of our Department of Justice people and others who have been training these people is not inadvertently tarnished. I think the people we have been training have done remarkably well, given where they began.

Even this outburst the other day in the Cite Soleil slum, the initial information provided to us by the OAS human rights people there, and by the civilian police advisers from the UN there, suggest that these killings were, to a great extent, done by sort of guards of buildings, not by the police, but people who had been

mustered and brought in, incorrectly in our view, to deal with this situation, with no training by our people and no discipline. So I think the people we have been training have proven themselves to be really quite effective.

CONVICTIONS FOR HUMAN RIGHTS VIOLATIONS

Mr. LIGHTFOOT. How many people from the Haitian military have been convicted for human rights violations, I'm not sure if any have been. Do you know?

[The information follows:]

Mr. KOZAK. Former Lieutenant Colonel Michel Francois, who served as head of police, and former Captain Jackson Joanis were convicted in absentia in September 1995 for their role in the murder of Aristide supporter Antoine Izmery. Currently, Francois is in the Dominican Republic; Joanis may be in the United States. It is our understanding that under Haitian law, the conviction in absentia would permit the arrest of these individuals, pending trial on the merits, were they to try to come within Haitian jurisdiction. Former Captain Castera Cenafils, alleged to have orchestrated the April 1994 Raboteau massacre, is in jail while facing trial. The National Police's Special Investigative Unit is conducting inquiries into several other notorious de facto-era crimes. The National Truth and Justice Commission also has completed an extensive study of de facto-era human rights abuses and in January provided a report to the Haitian government.

Mr. SCHNEIDER. I'm not sure. I do think there have been some cases where the judicial process has started, but I do not believe there have been—

Mr. WATSON. We have with us, Mr. Chairman, Mike Kozak, who is the administration's coordinator for justice and security issues in Haiti. I would ask Mike if he could add anything.

Mr. KOZAK. No, I think thus far there has been no convictions, although the truth commission has been working and putting cases together. My understanding is they now are in a position to prosecute the balance of these people.

Mr. LIGHTFOOT. I would hope that the justice system isn't as slow there as it is here. We'll never have anybody prosecuted.

Thank you, Mr. Chairman.

Mr. CALLAHAN. Mr. Packard.

Mr. PACKARD. Well, I'm concerned also about our successes in Haiti. There are still political executions and the country is still one of the poorest in the world.

HAITIAN ECONOMY

On that issue, what is the average family annual income?

Mr. SCHNEIDER. About \$260.

Mr. WATSON. About \$250 a year.

Mr. PACKARD. If we would have given every man, woman and child in Haiti their fair share of the foreign aid that we've sent over the last five years, we would have given each of them one to two years of annual income.

There are many people in the United States that really question whether our money has been well spent there. It is still a very, very poor country. We have not seen recovery, and partly because there has been little or no American business investment in Haiti. Is that true?

Mr. WATSON. Yeah. As I mentioned earlier, there has been some investment in the assembly industry, but a lot of it was destroyed

and went away during the military period. Some of it has come back, but not enough.

There are some American firms, Mr. Packard, who are interested in the state firms to be privatized, and that would be—

Mr. PACKARD. But that hasn't taken place to any large extent?

Mr. WATSON. Not yet. That's what we're talking about at the White House now.

Mr. PACKARD. In fact, the real reforms that we had hoped to achieve with our assistance have not taken place.

I think the Chairman very appropriately brought up the fact that the significant amount of money that we've poured into Haiti from our taxpayers may have brought inflation down, and it may have upped the GDP, but if we withdrew all of our assistance and took the remaining troops—In fact, when did the bulk of the 20,000 troops come out?

Mr. WATSON. Well, the bulk of them came out six months after they went in there, when the UN Mission in Haiti took over from the Multinational Force. Then we were down to about 2600.

Mr. PACKARD. When was that, that the bulk was—

Mr. WATSON. That would have been in March a year ago. Just a year ago. They went in in September of 1994 and the bulk were out of there by March of 1995.

Mr. PACKARD. So it could very well be that the GDP will go back down as we withdraw our troops—or it could happen, anyway, and it may not. Of course, the inflation could go up, too, particularly as we withdraw the balance of our troops.

HAITIAN REFORMS

I have some serious concerns about whether our mission is working and whether our assistance is working, particularly at a time when we are struggling with our own budget here. There is no question that foreign aid is going to be on the chopping block again.

I think another concern that I have is that the President did not certify that the political killings had ceased, and yet granted a waiver that would allow Haiti to get off the hook and still receive aid. I think we wrote the language with the intent that if reforms did not take place, then, in fact, the aid would be in jeopardy. But President Clinton granted a waiver, even though he was not able or willing to certify that there were a reforms.

It may not be a bad idea to indicate to President Preval today as you meet with him, that this committee is reluctant to continue providing aid without a reforms. I think, as a new president, he needs to know that at least the Congress is serious about these reforms and that the aid, if it is conditioned upon these reforms taking place, that we intend to keep that part of the bargain.

You have answered the question relative to when the troops would be leaving and how many will remain. Will the President lift the waiver when the troops have been removed?

DOLE AMENDMENT

Mr. WATSON. Congressman Packard, in my longer written statement I went into this in some detail. Our position is that we agree with the objectives of the Dole Amendment, which is not simply to get the bad apples out of the security forces but his amendment

was directed to the question of investigating these execution style killings by whomever they were committed.

We thought it was important and essential to the effective removal of our troops, the drawdown of our troops, to be able to have the last class of police continue to be trained and prepared because it's going to be the Haitian National Police that's going to take over fully the security functions of that country once the UN troops are out of there and our troops are out of there.

That's why the Acting Secretary of State utilized the waiver provision in the Dole Amendment, which said that even if you cannot certify that these investigations are underway, you can waive this on one or two grounds, and this is one of the grounds, and that's why he did that.

However, we made very clear to the Congress that we have no intention of providing any assistance during this period, up until April 15th when all of our troops are out of there, except for finishing up the training of the last class of Haitian National Police and providing support to this special investigative unit that I mentioned, where we have these two French-speaking Americans—I think they're both retired police officers—to in fact conduct these investigations. So that's what we're doing.

We reserve the possibility of maybe providing a little assistance for strengthening the parliament, maybe the justice system and things like that during this next month or so, and if we do, we will come up to the Congress and talk to you about that and see if you agree that that's a good idea.

When April 15th comes and our troops are out, if the President or Secretary of State can at that point not certify, if you will, issue a report that these investigations the Dole Amendment would require are underway, we will come back up here and discuss with Members of Congress what steps should be taken next—should certain kinds of aid go forward, other kinds of aid not go forward.

Mr. PACKARD. Is the justice department operating independently and in a democratic fashion there, or are they subject to the whims of political leaders?

WEAK JUSTICE SYSTEM

Mr. WATSON. Well, the justice system in Haiti is very fragile. We have been working hard to strengthen—We have trained over 100 magistrates thus far. We and other people in the international community are working with the prisons and prosecutors as well. It needs continued work. In a society like Haiti, usually you find the justice system is the weakest of the three parts of government and the hardest to get going and functioning well.

Thus far we have been reasonably encouraged that there has not been systematic interference by political leadership in the judicial system, but I think it's got a long way to go. And the very point that was raised by Representative Lightfoot earlier, to the effect that people who have been accused of murders have not been convicted yet, indicates that the system has not been fully engaged on these issues.

But, as I said, we don't see any indication that there has been systematic political interference in the judicial activities up until now, but that is something we will certainly keep an eye on.

Mr. PACKARD. It's obvious that if you strengthen and train and improve your police force, but have a weak and inadequate justice system, that simply is a breeding ground for human rights violations and a lot of other problems.

Mr. WATSON. Absolutely. We have seen that around the world. It's a very serious problem.

PRESIDENT'S BUDGET FOR HAITI

Mr. PACKARD. What are you requesting again? Review for me the requests in the President's budget for Haiti.

Mr. WATSON. For fiscal year 1997, I don't think that we have actually presented in a formal way yet the figures. I think that's going to start next week when the Secretary—

Mr. CALLAHAN. I think it will probably start today at lunch. [Laughter.]

Every time the President makes a toast, it costs us \$100 million. So I hope they don't have wine but iced tea. [Laughter.]

I think it will be \$80 million.

Mr. PACKARD. That's what you're hearing now?

HUMAN RIGHTS

Again, I would hope that in your meetings today that you would be able to convey that there are serious concerns about the progress that's being made in terms of human rights violations, in terms of the effectiveness of the use of the aid, in terms of the slow progress that's being made in terms of economic recovery. This committee will be reluctant, I think, to continue to give aid, in at least the requested amounts, when we don't see the progress we had hoped for. Many of us were reluctant to see our troops go in, and yet, as the Chairman of the full committee mentioned, things turned out better than what they could have been. But the fact is we're not seeing the reforms in the country itself that are very, very important.

The human rights violations in the little country of Haiti are perhaps not at the level of human rights violations in places like mainland China and other places, but on a per capita basis, it's probably much greater than what we have seen in some of these larger countries. I would hope there would be some improvement there.

Thank you, Mr. Chairman.

Mr. CALLAHAN. With respect to one of the areas you mentioned, President Preval, it is my understanding, this morning is meeting with the International Relations Committee. I am quite certain that if the International Relations Committee has anything they want put in law, they will bring that information to us so that we can put it in our bill. In any event, he's here.

Ms. Pelosi.

Mr. WATSON. Could I just say two sentences in response to a couple of things that Congressman Packard said?

I think the human rights situation is of a profound concern to us, as well as to you. There are problems in Haiti. I think the situation, however, is indisputably dramatically better than it was during the de facto regime under Cedres, with thousands of people who disappeared or were found killed in the streets in the morning.

This doesn't mean we should relax our vigilance at all. Of course not. But I think it's fair to say that it's much, much better than it was and, in fact, the Preval administration, by moving these suspected killers out of the police forces and out of the government, to my knowledge, has taken some steps in the right direction.

On the economic point you made very early on, about if we had provided all of our assistance to individuals, that it would have given them a couple of years' salary, I think you make an important point. The thing is to use the assistance to build the kind of structures and the kind of economy that is self-sustaining and not just have aid go out. That's why it is so important we have these structural reforms in terms of civil service reform and also privatization.

Thank you, Mr. Chairman.

Mr. CALLAHAN. Ms. Pelosi.

Ms. PELOSI. Thank you, Mr. Chairman.

I would like to follow up on Mr. Packard's line of thought on the human rights issue for just a moment. I also serve on the Intelligence Committee and I have made clear in that forum and will in this one once again the concern I have about the human rights situation in Haiti.

I agree with you, from what I have seen, that the situation is improving. It will only continue to improve, though, if we invest in building democratic institutions there, like the independent judiciary, as Mr. Packard pointed out, and the initiatives you're taking there with the parliament as well. Fundamental to it all, of course, is the independence of the judiciary.

IMPACT OF HOLD ON HAITIAN ASSISTANCE

I had some concern, Mr. Secretary, about the money that is on hold. In your statement you mentioned that there was approximately \$6.7 million in assistance for health, education and training programs which are not within the scope of the Dole Amendment, that is on hold.

Now, what impact does this have on the health and education programs in Haiti and our assistance there?

Mr. WATSON. If I may say one sentence in response and ask Mark to give a more detailed response, I think the important thing here is that these are the focuses on the kinds of programs that we've been supporting over the years in Haiti. It is not something that started now or started in September, 1994. We have been doing it over the years in Haiti in both the Democratic and Republican administration.

Ms. PELOSI. And there was no hold even during the Cedres years?

Mr. WATSON. I'll let Mark address those points. I don't think there was.

Mr. SCHNEIDER. There wasn't. These programs were not affected by the Dole Amendment because they are non-governmental and humanitarian. Of the particular projects involved, one is a health project which is aimed at continuing the network of nongovernmental clinics and health services that has existed and we have supported around the country over these last several years. Again, that preceded the current regime.

Our effort was to bring all those together and, at the same time, as was said earlier, try and help the public health ministry begin to deliver services in its own facilities, which as many of you know have been abysmal.

The funds which are on hold are essentially the first part of that project, which would do three things. One, it would provide continued support to those nongovernmental health programs; two, it would provide some assistance to facilities like the maternity hospital in Port au Prince, which is run by the public health ministry; and three, it would begin to reform the public health system, which does need reform in terms of getting primary health care out throughout the country.

Haiti, as you know, has probably the worst health indicators of any country in the western hemisphere. Infant mortality remains the worst in the western hemisphere as does maternal mortality. If these funds continue to be held over time, there will simply be an inability of those nongovernmental organizations to provide services through their clinics, and this will undoubtedly have an impact on the health of the people of Haiti. Children and women, particularly, are target groups in all of our programs.

Ms. PELOSI. Thank you. I appreciate that.

Mr. Chairman, I'm concerned about what Mr. Schneider mentioned as some of the consequences. I also am concerned because we would like to see democracy accompanied by an improvement in the situation for people in Haiti. I regret that these funds are on hold at a time when democracy is trying to get on its feet there.

BASIC EDUCATION

Mr. SCHNEIDER. That's just the one project. The second project is in basic education. Again, speaking of the Haitian education system, system is probably the wrong word. Only 50 percent of the kids that should be in school are in school. About 80 percent of these are in schools run by different private organizations. That's the only thing they have. And only about 30 percent of the kids who enter school finish the sixth grade.

So the project in basic education is aimed on training teachers, particularly in the private sector, which is the main source of education right now. And, again, trying to begin a dialogue about how to expand the coverage and quality of education.

Ms. PELOSI. I appreciate that.

I was interested in hearing about how our initiatives in Haiti fit in with our hemispheric goals. But I want to preface it by saying that I am respectful of the concerns expressed by my colleagues about wanting to see progress more quickly.

STRENGTHENING DEMOCRACY IN THE HEMISPHERE

I am reminded of the long haul, for example, in El Salvador and the amount of money that we invested in that democracy, the time that it has taken, the ongoing attention that we pay to the human rights situation there, and the truth commission that they had there. So I think in all fairness to Haiti, while we as Americans are always impatient, we have to give the appropriate amount of time, especially recognizing within this hemisphere how much time it is taking in El Salvador.

Mr. Secretary, I wonder if you could talk about our success in Haiti, not just being confined to that but as part of our hemispheric goals.

Mr. WATSON. Yes, I think that's a good point. And under both Republican and Democratic administrations, as I mentioned earlier, we have been pushing aggressively for strengthening democracy in the hemisphere. That means eliminating dictatorships and also ending civil wars in countries like El Salvador and Nicaragua and elsewhere.

I think we have been enormously successful, and it certainly has been a bipartisan effort. I always feel in my current job that, in fact, I'm building on what the Bush administration did very successfully in Central America. I think the fact that we had the Summit of the Americas in Miami, where we had everybody on board, in strengthening democracy and opening economies, liberalizing trade, protecting the environment and dealing with questions of poverty, is a result of years of effort by us and other people in the hemisphere.

But if you look at what's going on in Haiti and compare it with the efforts that were made even in Panama, when Noriega was thrown out, the reconstruction effort there, the creation of a police force there, or you look at El Salvador and what we did in Nicaragua as well, it's in the same order of magnitude. It is not excessive. It is not dramatically different.

Mr. SCHNEIDER. Could I just say that, in terms of the amounts, it is much less. In terms of our aid program on the economic and humanitarian side, we committed much more after the transition in Nicaragua and the transition in El Salvador than we have in—

Ms. PELOSI. Didn't we spend \$3 billion in El Salvador overall?

Mr. SCHNEIDER. Yes, overall. But since the return, there was an additional amount—basically, it was \$600 million since the peace agreement was signed in El Salvador.

Ms. PELOSI. In the course of the policy playing out, before the peace accord—Mr. Chairman, I know you recall there were very heated debates on this subject. But I don't remember one instance where the Congress reduced the mandate of the administration's request for economic assistance to El Salvador. While we had our fights on the military side, and some of us were fighting on the economic side—in fact, with Representative Mickey Edwards, who was such a tremendous resource to the Congress, although we did not always agree—it always prevailed in the Congress that economic assistance was not cut back.

Again, we were always persistent and patient in that, but we have to be realistic, too, about the timetable.

EL SALVADOR'S SUCCESSFUL POLICY

Mr. WATSON. If I could just comment quickly, I just went with Secretary Christopher to El Salvador, where the Secretary met with the President of El Salvador, but also with the presidents of the other countries, to discuss common problems.

One of the interesting ones was the threat that all these countries feel from crime, so we're working with them on that. That's just an aside.

But I think the El Salvador situation is a dramatic example of the successful policies conducted by several administrations. The Secretary did sign the last agricultural portion of the reconstruction effort there and we have just about completed our obligations that were incurred by the Bush administration and Congress, in terms of helping El Salvador. If you go to El Salvador now, it's really so dramatically different from what it used to be. It is actually moving to see what these people managed to do in El Salvador.

Ms. PELOSI. We have to also remember that President Preval has only been in office a few months. I think he has to have a chance to do these things.

Recognizing that there may be an opportunity for another round of questions, Mr. Chairman, I will yield back the balance of my time.

CHILD SURVIVAL

Mr. CALLAHAN. On the point of child survival, we in our committee I think very astutely included \$500 million plus for child survival worldwide. A part of that money could be used—all of it could be used in this hemisphere. Yet the administration is now recommending—I think it wasn't a very astute political move to abolish what I created, and I'll tell them that we're going to re-create it again this year. But the administration has chosen to not request money to refund the child survival account next year. Anyway, we'll address that and there will be ample money for child survival.

Mr. Porter?

Mr. PORTER. Thank you, Mr. Chairman.

I apologize, Mr. Secretary, for not being here to hear your testimony or your initial questions that you handled. I understand that Mr. Packard had talked to you about human rights and democratic institutions and that's a subject that obviously interests me a great deal.

But it seems to me that in looking at Haiti we have a country that has never had a democracy. It was founded out of a slave revolt against the French, and the first head of state declared himself emperor in the vein of Napoleon Bonaparte. It's history has been one of violence and internal problems that have spilled over into the present. Our country has now occupied this island three times, and some of these stretches of occupation have been very long.

ECONOMIC REFORMS

I wonder if we aren't talking about exactly the wrong things. We can talk about democratic institutions and human rights and structures and all of that, but it seems to me that a country like this, whose major problem, is a population that outgrows its land mass and its economic potential. You look at what has happened to its ecology, where they have taken down every tree in sight to burn as firewood. I wonder if we shouldn't be focusing on the only place where I can see any hope for Haiti at all, and that isn't our establishing for them democratic institutions or our ensuring that human rights are observed. They have to have an economy that is growing, and they have to have a population that is stabilized. They need to have to have an interest, from the international com-

munity, in building stability and some hope for their population for a better life or they'll never get anywhere.

Human rights and democracy will never flourish where people are hungry. So I think we ought to be talking about what we can do to strengthen their economy and to help them stabilize their population growth, and to ensure that the possibility exists somewhere down the line where a grandchild will live better than their grandparents instead of worse.

I think that's what should be the focus for the United States.

Can you talk for a moment about what's happening economically there? What about privatization of the state industries that can't work for a better life for people? What can we do to make this economy stronger and the entire situation of having some hope?

Mr. WATSON. Congressman Porter, I think you're absolutely on target. We talked a little bit about that. I think last year there was economic growth for the first time in a long time. The chairman pointed out, I think correctly, that it would probably do as much, if not exclusively, to international assistance as to anything that was actually happening in the economy. But some things did start. Some of the assembly industries did return—only about a third of it; some agricultural projects started to go; some factories that were closed down have reopened. But that's just the beginning.

If we can't have an economy there that will generate jobs over time, the economy will not be successful and it will be very difficult to really strengthen and build and perfect these democratic institutions that are in their incipient stages now.

That's one reason why the most important message that President Clinton can make to President Preval—well, we've asked President Clinton. I can't say what he's going to do. That's the message to President Preval, precisely on the economic front, with the needs for reforms that the Haitian government under President Aristide had committed to earlier on but had slacked off the last few months in office. Those have to be undertaken now.

Civil service reform, trimming down the payroll, it means privatizing these state industries which are completely inefficient. Some of them actually closed and still have people on the payroll. But they are industries which are sufficiently feasible, that companies like Cargill are interested in participating in the flour mill. So it must have some value from an entrepreneurial perspective.

So we are going to be pushing those points extremely hard with President Preval. Not just us, but the International Monetary Fund and the World Bank and others. Unless they can undertake this kind of reform, privatizing these state firms—initially flour and cement, but also electricity and telephones, and also ports and a lot of other services over time—unless they can do that, and unless they can reform their civil service, they're not going to create an environment that has any chance of attracting investment.

OPIC is active there. It does a very good job there. But it only works with people who are already interested in going there. I think that's a very good message for him to hear, for Members of Congress as well.

It's difficult, politically, for him, because they have a political culture which is 200 years of stultified enterprise, stultified in a certain sense of basically whoever is running the country has run these

things as private, personal firms, and they end up reverting to the state. That has to be stopped and has to be broken, and that's exactly the kind of reform we're talking about.

Mr. SCHNEIDER. Could I just add one quick point?

In terms of what our agency did last year, we, provided the funding to help the government analyze all of those parastatals and essentially produce the alternatives then that they might choose from and how to go about it. Using that information, they put out the bid for those two plants, the cement and flour mill. As I said earlier, President Preval stated yesterday here and over the weekend in Haiti that he intended to go forward with the bids.

Mr. PORTER. Don't get me wrong. I think we ought to focus on human rights. I think we ought to focus on building democratic institutions. But I don't think we should be surprised if we don't make a lot of progress there or if human rights abuses continue. I think we have to focus on their economy. If we can't make progress there, we're going to be sitting at this table ten years or twenty years from now discussing the same exact things.

CARIBBEAN BASIN INITIATIVE

We used to have a program called the Caribbean Basin Initiative, did we not?

Mr. WATSON. Yes. We still do.

Mr. PORTER. Did it ever make any dent in Haiti at all, in terms of really helping build some investment and some jobs there?

Mr. WATSON. I think a little bit, in terms of the assembly industry. That got up to about 36,000 employees back before the military coup against Aristide. Now it's back to about 12,000 employees. It made some difference there, with certain kinds of inducements for certain industries.

But for the poorest, least developed country, the least infrastructure in the hemisphere, it's at a disadvantage in competing with other countries in Central America and the Caribbean. That's why it needs help to get its infrastructure—

Mr. PORTER. To the extent that the whole area can have economic growth, Haiti can pick up some of the crumbs and do some of the things that would give jobs and opportunities. You have to start somewhere.

HAITIAN WORK FORCE

Mr. WATSON. This is an anecdote. I was always impressed, in talking to American businessmen who had firms there, how favorably they spoke of the quality of the Haitian workers.

Mr. SCHNEIDER. That's why I should add that under the OPIC program that the Secretary mentioned—and this goes to a question that Congressman Packard brought up earlier—six U.S. firms now have requested and obtained over \$16 million in insurance coverage to invest in Haiti. They are firms that have some knowledge of the Haitian work force.

AGRICULTURE IN HAITI

The other thing I would mention is that Haiti, you have to remember, is basically an agricultural society. As you said, the environmental devastation makes that very difficult. Nevertheless, that's where they, in fact, have increased exports very significantly during this past year. In the area of mangos, for example, in 1994 they increased exports from \$4 million up to \$15 million. We provided a guarantee program, a small guarantee program, and about six Haitian companies have taken out loans based on those guarantees. They have started tomato processing plants, employing 1,000 people; there are three more mango processing plants operating. So there are some things that are beginning to be done.

On the other side, we have to continue the kind of environmental watershed protection program, also started this past year, that seems to be having some impact, in order to essentially try and protect what is there.

POPULATION GROWTH RATE

Mr. PORTER. My time has run out, but I wonder if you could provide to me, or for the record, or both, an indication of the population growth rate there, and what efforts are being made by the United States and by international family planning groups to attempt to help stabilize that growth.

Mr. SCHNEIDER. I think I can pull out the rate. But all of our programs include family planning and integrated health services. In the past we have been able to reach some two million women and children basically. The program we were talking about earlier also includes family planning.

Haiti has had the highest fertility rates in the region. We have had some recent success in beginning to expand access to family planning, and we hope that that will have some impact.

Mr. PORTER. So it's the highest fertility rates and the lowest per capita income probably, and the most hopeless situation economically that could possibly exist.

Mr. SCHNEIDER. That's right.

Mr. PORTER. Thank you very much.

Mr. CALLAHAN. Mr. Secretary, I understand you're going to be leaving in a few weeks, so let me tell you that I've enjoyed working with you. I hate to see you leave. But I know there are other things you want to pursue in life and I admire that, too.

Let me just have an open and candid discussion with you, since you're not going to be here, but I'm sure you're going to have lunch with the President today and with President Preval and I'm sure you'll go back and talk with the Secretary as well about what we say here today.

I think if you go back and look at the past chairman of this committee, and even if you look at the chairman of the International Relations Committee, and if you compare our type of operations to the corresponding Senate committee, I think that I have tried to give the administration a free rein. I have tried not to get involved—I think there's been less hold put on projects under my little administration than probably any time in recent history.

I don't want to run the State Department. I don't want to correct all the problems with Haiti. I want the problems of Haiti corrected. But at the same time I'm not just going to sit here and allow the administration to run roughshod over this committee or over the wishes of this committee.

When we pass legislation, that's law. We don't intend for the administration to ignore that law. When we pass legislation, we also include report language, which gives you a sense of the Congress as to what we want you to do without tying your hands on every project that you're involved in.

The administration, as I mentioned earlier, is heralding this Haiti thing as a great international achievement, that we have restored some type of democracy, that we are creating privatization, that the troops went in and established a police force and now they're moving out and this is some type of great accomplishment.

WAIVERS

My observation is that that's not right. It's wrong. The administration has ignored not only the law, but they have sort of abused, in my opinion, the authority that we tried to give to them by waiving provisions—by Deputy Secretaries waiving provisions, not the President of the United States.

The reason we put waivers in these bills is to give the administration latitude. But we're not going to permit deputies to sit down at the State Department and just fax over something to the President and say this is what we're going to do; that we're going to waive all these things and we're going to find ways to get around what Congress wants, or we're going to ignore Congress simply because we think we have the ability to declare some type of national emergency and the President is willing to give us that authority. We're not going to tolerate that.

You know and I know that this committee has the authority, and we might not be able to start until maybe October of next year, that if you want us to control Haiti, then we're going to control Haiti. If you want us to cross every "t" and dot every "i" and tell you exactly how any money is going to be spent in Haiti, you tell your leadership that if they continue what they're doing, that's exactly what we're going to do. We are not going to tolerate that.

I know today the President is meeting with Preval, and you're supposed to be there, and we want you to be there. We want you to give Mr. Preval and the President as well our hope that Haiti will survive, that our mission is not to destroy Haiti but to make Haiti a better place to live and to provide the humanitarian needs and the educational needs and health care needs.

STATE OF PROGRESS IN HAITI

There's no progress in Haiti. The administration knows that. I mean, the garbage is piled up on the streets six feet high. Nothing positive is taking effect there. Yet we are pumping billions of dollars, if you include our military, into this process. We're taking away, Miss Pelosi, money that could be used in this hemisphere, such as El Salvador, for humanitarian and educational type needs, economic support, and we're giving it to Haiti. We cut economic support, if you exclude the Camp David mandates of Israel and

Egypt, by 32 percent. And how much of that 32 percent did you spend in Haiti? About 60 percent of it? About \$85 million was spent on Haiti alone.

So I don't want to do that. I don't want to run the State Department. I want Haiti to succeed. I want the administration to recognize that that is not a paradise and that this venture has not been so successful. It stopped some of the exodus, although now it's my understanding that they're beginning to leave again. If we permit the killing of people and the execution style killing by the police force, you're going to see them beginning to leave again and we're going to be exactly where we were when we first decided to get involved in the Haitian situation.

BALANCE-OF-PAYMENT SUPPORT

Today I understand the President is going to promise another \$15 million in balance-of-payment support. Is this correct? Do you think he's going to do this today?

Mr. SCHNEIDER. Obviously, Alex is going to go to the lunch. At this point I think—

Mr. CALLAHAN. When the President holds up that glass, I wish you would just kind of smile and think about me. Tell him that Callahan said that was going to happen. And I'm happy it's only \$15 million. You know, usually it costs us \$100 million.

What I need to know is, if the President then were to propose another 15, where is this coming from?

Mr. SCHNEIDER. I think the most important thing is ensuring the economic reform program is back on track, that Haiti does what it says it was going to do in relation to the International Monetary Fund and the Bank, that that economic reform program does begin to take place. I think that's our fundamental concern.

Whatever is done, we obviously will come back to you in terms of consultation.

DOLE AMENDMENT

Mr. CALLAHAN. I'm saying, if the President is going to waive the Dole Amendment, if we're just going to say "we don't care what Dole thinks, we don't care what the Senate thinks, we don't care what the subcommittee thinks, that this is some type of international emergency," and he's coming to us for reprogramming, we're going to stop it, unless we see some concrete evidence of improvements there.

Mr. WATSON. If I may, Mr. Chairman, I have been attending sessions of this subcommittee since Chairman Passman was here, and Charlie Wilson was on the committee at that time. I can remember him as a young Congressman in those days. This committee has always played an absolutely crucial role and, in my view, an extremely responsible role, no matter who the chairman has been.

I always felt we got a fair hearing, not only from the chairman but also from the other Members. There were disagreements, but it was always done in the same spirit that you're running this meeting today.

As I tried to explain earlier, we don't think we are ignoring the Dole Amendment. In fact, as I tried to put rather extensively in my written remarks, we are very much complying with its spirit. The

waiver provision was implemented by the Acting Secretary of State—Talbot was the Acting Secretary at the time he did it—and the authority had been involved to him from the President. As I said, we're only providing assistance to the police, so they can graduate the last class of trainees, and also the special investigative unit so we can get it exactly into the investigations that the Dole Amendment is so concerned about.

If we have any other things we want to do, we will be coming up here and talking to you, as well as to the authorizers about it, including once our troops are all out by April 15th. We will take another look at it because the justification for the waiver had to do with the withdrawal of our troops.

Mr. CALLAHAN. Let's just talk about that while we're on that subject. This fax that I have a copy of in part says, "The Secretary has decided to waive the Dole-Helms requirements." This has to do with Haiti. "We want the burden for attempting to stop this program to rest clearly with the Hill. It appears the administration is prepared to override holds for critical programs."

Another one—and if you would like to jump in here, too, because I would like to know if you were involved in any of this—

Mr. WATSON. I don't know quite what you're reading from there. What is it?

Mr. CALLAHAN. I'm reading from transcripts from E-mail messages from the State Department to—within AID. These are E-mail within AID.

In the E-mail that takes place, it says—it is entitled "Dole-Helms, another loophole." So you've found a loophole in the Dole-Helms Amendment. It says, "Steve Allen has brought to my attention another avenue for obligating some of our funds, notwithstanding Dole-Helms. This may give us additional grounds beyond humanitarian and election assistance cited as exempt categories in Dole-Helms."

You know, I feel like the administration—and not you, but AID or someone within the State Department—and the President is just ignoring this. I don't think the President is reading these E-mail messages. I don't think the President is reading all of the requests. The President is sort of giving a carte blanche waiver to deputy secretaries to declare a national emergency for anything they want to do. This is a concern of ours.

So what we're seeing and what we're hearing is somewhat different from what you're expressing.

Mr. WATSON. Mr. Chairman, I have not ever read these things. I have heard about the E-mails, but it certainly didn't come to me. What I was trying to do was put very clearly on the record—that's why I dealt with it for three pages in my written statement—what the administration's view is on the Dole Amendment and how we are handling that, irrespective of what may be passing among lower level people in terms of E-mail. So my statement was dead serious and designed to be reassuring, not only to the committee and to the sponsors of the resolution, but also to ourselves, because we are doing exactly what we told Congress we would do in this regard.

We are not looking for loopholes, and—

Mr. CALLAHAN. Let me ask you this. I know you're not going to be here anyway, but Mr. Schneider probably will be.

Were you in that meeting where they discussed some of this E-mail correspondence, that essentially the administration is prepared to ignore the concerns of Members of Congress about human rights in Haiti, and move to obligate funds no matter what Congress says? Were you at that meeting?

Mr. SCHNEIDER. That is an inaccurate statement. It was an inaccurate statement.

I would just add that what the Secretary stated with respect to the administration's policy, in terms of complying with the Dole Amendment, is the position of the United States Government, including U.S. AID.

Mr. CALLAHAN. So you're not looking for loopholes?

Mr. SCHNEIDER. If I could, the Dole Amendment does provide itself for exemptions from the prohibition—providing for certain categories, including humanitarian assistance, electoral assistance, and non-governmental assistance. It is limited to assistance to governmental organizations.

CHILD SURVIVAL

There is also a provision that permits child survival. Let me give you an example. Let's say you had a maternity hospital that was using Aid to save children's lives. Now, the assumption is that the notwithstanding clause in child survival means that the Congress feels that that should go forward. So discussions have taken place as to what that means, what is nongovernmental, what is humanitarian, what's covered, child survival. Those were the kinds of discussions that I can recall.

But I wanted to emphasize that the statement by the Secretary represents the administration's position with respect to carrying out the provisions of the law.

ECONOMIC SUPPORT FUND

Mr. CALLAHAN. We also need some response from you all with respect to the Economic Support Fund. You know, we cut the Economic Support Fund by 32 percent, non-Camp David.

Is it the intention of the administration to utilize probably 90 percent of the Economic Support Funds available for this hemisphere in Haiti? Is that going to be their continued direction, or are you going to recognize that we have other Economic Support Fund needs in this hemisphere as well?

Mr. WATSON. One of our problems, Mr. Chairman, is the way the aid system is being structured, we are using much more Economic Support Fund moneys for things that in the past used development assistance funds. We probably will be using somewhat more Economic Support Funds as a percentage of the total assistance than we would have in the past.

Mr. CALLAHAN. So next year you think it's going to be more than it was this year?

Mr. WATSON. No, I don't think so. But I just say, in arguing about the past, where the heaviest part was development assistance or PL-480, something like that, unless it was ESF.

Mr. CALLAHAN. So you think it would probably diminish next year?

Mr. WATSON. I have not actually seen the actual figures. We don't have—

Mr. SCHNEIDER. We don't have the detailed figures.

Mr. CALLAHAN. How about the 90 percent? I mean, is this a correct statement?

Mr. SCHNEIDER. I don't have the breakdown, but I believe your staff was briefed a week or so ago by the State Department with respect to the percentage of—

Mr. CALLAHAN. We were told it was 90 percent. Is this correct, I guess is the—

Mr. SCHNEIDER. I can't say the percentage is correct. I do know that the bulk of what we're planning to spend in ESF in the hemisphere would be in Haiti, because the other funding goes to the counter-narcotics programs in Bolivia and Peru. I just don't know whether those are included in—

Mr. CALLAHAN. Didn't the report language, indeed, say it should be no more than 45 percent?

Mr. WATSON. Fifty percent, yes.

Mr. CALLAHAN. So instead of \$45 million, you spent \$90 million?

Mr. SCHNEIDER. No, those were requests.

Mr. CALLAHAN. I mean, you are proposing them.

Mr. SCHNEIDER. Seventy five.

Mr. CALLAHAN. Well, what do you think the report language meant? I mean, what do you reckon we put that in there for?

Mr. WATSON. Mr. Chairman, if I may say two or three things about this.

The report language, as we understood it, was written, in part, for precisely the reason you're suggesting, which is that too much money is being taken away from other programs that goes into Haiti. It turned out that there was more ESF available in the final analysis than we were considering at that time. Therefore, providing more ESF to Haiti than the \$45 million, which is 50 percent of the \$90 million on the table at the time, could be done without affecting other programs. So therefore—

Mr. CALLAHAN. We said \$45 million, and you have chosen to spend \$75 million. Now, it doesn't make any difference how much more money was available. You know, we think you ignored the report language that we sent you, that you just said, "well, it doesn't make any difference what they think on Capitol Hill," just like this E-mail says. You just ignored that.

Now, when you ignored that, then you obviously had to ignore a problem in El Salvador, or you had to ignore a problem in Nicaragua or someplace else in order to spend that money.

I mean, if you have a message from the Congress that says spend no more than \$45 million, what makes you think we would be thrilled if you spent \$75 million?

Ms. PELOSI. Mr. Chairman, may I ask a question of you? I'm listening with interest to what you're asking, but I had not seen and do not know anything about the E-mail that provoked some of this conversation. I'm in the dark as far as that's concerned.

If you're reading from a hard copy of the E-mail, if that's the language that was used, I can understand why you would be concerned.

I do think the Secretary was very meticulous in laying out the compliance of the administration with legislation and the Dole language, and especially in keeping with what the actual law says about the limitation of assistance for Haiti. It really calls for the action that they took with the waiver.

As far as the \$45 million in the report language, I know that, in addressing your original remarks about giving the discretion to the administration, you have been a champion in that regard. As a member of the committee, I would not even have the same attitude you have, so you are more friendly to the administration than I would be in that respect.

EARMARKS

However, I do think that we have attempted in the committee not to have earmarks, and I don't know whether report language is more than earmarks. Perhaps if that's the attitude we want to have going into this next session, we should make that very clear to the administration, that report language has the strength of an earmark in the bill.

Mr. CALLAHAN. Well, that's what I was trying to convey to the administration, that we don't want to do that, Nancy. We want to give them as much as we can. But at the same time, when we send report language up there, indicating what we think they ought to move, and when they choose to just totally ignore it, that would then cause us to have to go and start earmarking every dollar we give them.

Ms. PELOSI. I think that's a message that will hold you in good stead for next year.

Mr. CALLAHAN. That's the message we're giving them, and we're going to start with Haiti. That's the message I'm trying to get him to convey.

Mr. WATSON. It will be conveyed loud and clear. We, of course, look forward to consulting closely with your staff and the other members, Mr. Chairman, on these programs in Haiti.

I was very encouraged by this hearing. I think there's an awful lot of agreement, unless I have misunderstood what took place here, on the basic objectives of what we're trying to do here. It's just a question of how and to what extent we can bring that about.

BALANCE OF PAYMENTS

If I could touch on the question of the additional balance of payments support, our effort is to find the best way to get the Haitian government to undertake these kinds of reforms that it needs to undertake. We are prepared to be reasonably flexible in finding ways to do that, but we're not talking about, or even have under consideration, any conditionality in any sense. If we did provide additional balance of payments support, it would come from some other accounts that we already have there. Of course, nothing will be done without consultations. It has to be done that way. It will be, in effect, a reprogramming.

Mr. SCHNEIDER. Mr. Chairman, I want to emphasize one thing. In fiscal year 1995, we spent approximately \$230 million in Haiti. That was a transition year. Our request for fiscal year 1996 was about half, \$115 million. It was that request that included the \$90 million through ESF.

Now, as a result of the overall reduction, at this stage we're talking about reducing that level to \$75 million. As you mentioned earlier, approximately \$9 million of additional child survival money available would cover it.

As you know, in the overall development assistance accounts, we have significant reductions. For the agency as a whole, it's about 22 percent. And if you just use that percentage, it would mean about \$100 million less overall for Latin America.

So the ability to move between accounts isn't there, and we have made a very significant reduction from one year to the next with respect to our overall program in Haiti.

Again, I would like to go back to what you said at the beginning. We have made a major investment in trying to make a change in Haiti, including the use of U.S. troops. And this last year, for all of the problems that we all have been discussing, I think you and everybody else would have been immensely satisfied at the beginning if we had said that there would have been a transition to a new president through electoral means, there would have been local mayors elected, a parliament functioning, and the beginnings—granted, not very much—but the beginnings of a better economic cycle than they've had previously.

Mr. CALLAHAN. I have got some questions and I'll just send them to you, but I will require they be answered.

Mr. WATSON. Of course.

PRIVATIZATION

Mr. CALLAHAN. Economic reform, I'm concerned about that. Privatization is not moving forward. The administration, as I've said, is portraying Haiti now as a "Garden of Eden". It is not. It is not a success. We have not accomplished our mission.

Privatization is not taking place. You know, I think they have nine plants or nine government operations over there—is that what it is—and they have not privatized any of them. Privatization is not taking place. I mean, hell, it's been a year. Why are they not privatized? They're not even making the effort to privatize.

The spending by the Haitian government is creating a debt to where they're going to be worse off than we are. They're going to owe as much money as we, if they don't already, with respect to their gross income.

They have no plans, no programs in place, to create jobs. The private sector is not being encouraged, that I can see any evidence of, to come down there. The AID says only six loans, with a program of \$1.1 million. That's all that's been provided in the private sector.

Other donors indicated they were going to come in there, and where is the other donors' money? It hasn't shown up.

We don't have time to let you answer. I'm going to let you answer this stuff later on. I just want to tell you these questions that I have, that time won't permit us to ask at this meeting.

We don't want to restrict the administration on Haiti or any other program. But I'm convinced, because of what I see as a very serious problem, that the administration is just ignoring and heralding as some type of tremendous success is wrong. If we have to use Haiti as an example of how we want moneys to be spent, especially in this hemisphere, then we'll do it. You know, we're going to have plenty of time. We're going to pass your bill this year and we'll just put some things in that bill that will give us the authority to make you come to us and let us sign the check, if that's what you want us to do. That's not what we want to do.

Ms. PELOSI. If you will yield, Mr. Chairman. I am not in complete disagreement with you, Mr. Chairman. I do support what you're saying about the privatization effort. I think in the areas of telecommunications and infrastructure, the sooner the better, so that it will encourage more investment and business.

But, Mr. Chairman, as you know, I have not been one to be shy about criticizing the administration on its foreign policy in every continent on the face of the Earth.

Mr. CALLAHAN. I know that.

Ms. PELOSI. However, I will say that in the case of Haiti, I see the glass as half-full and perhaps you see it three-quarters empty. I do think the change from the Cedres regime to the restoration of the Aristide democracy, and now the peaceful and democratic transition, is something that we all should be proud of. There are some other areas where progress is being made. So the story is not as gloomy—

Mr. CALLAHAN. Maybe we ought to go down there and look at it, Nancy.

Ms. PELOSI. Let's do that, Mr. Chairman.

Mr. CALLAHAN. We should go down there and look at it. Based upon the report that I've seen, I think you might need that visual observation.

Ms. PELOSI. If we do that, Mr. Chairman, I will bring the same open mind that I know you always do, as you did in Bosnia, and we all benefitted from your trip there. So I think that would be a great opportunity.

I, for one, would like to commend the administration on the progress that they have made in Haiti, with the idea that, of course, we're always impatient.

I yield back to the Chairman. Thank you.

Mr. CALLAHAN. Thank you, Nancy.

It was nice to see all you.

[CLERK'S NOTE.—The following report of a staff review of estimates in Haiti was submitted to the Chairman following the hearing. The matter contained therein relates to the subjects discussed during the March 21, 1996, hearing on Haiti.]

Congress of the United States

Washington, DC 20515

April 17, 1996

The Honorable Sonny Callahan
 Chairman
 Subcommittee on Foreign Operations
 Committee on Appropriations
 U.S. House of Representatives
 Washington, D.C. 20515

Dear Chairman Callahan:

Pursuant to your authorization, we traveled to Haiti from March 30, 1996, to April 3, 1996, to examine political, economic, security and assistance issues. We met with a wide range of U.S., Haitian, and international officials and visited a number of sites including the Haitian National Police Training Center, U.S. Agency for International Development projects, and U.S. Armed Forces headquarters.

As the final withdrawal of U.S. Armed Forces is underway, we believe our findings and recommendations are particularly timely. Still, if the United States is ever to achieve a truly bipartisan policy toward Haiti, the Clinton Administration must cease its efforts to blame Congress for the shortcomings of its own policy. Our seven principal findings are:

- * More than eighteen months after Operation Uphold Democracy began, Haiti's social, political and economic situation remains troubled and tenuous. The U.S. intervention successfully destroyed the military dictatorship, and significantly reduced human rights violations, at a cost of more than \$2 billion. However, the U.S. intervention in Haiti has not yet laid the foundation for lasting progress in establishing genuine democracy, in generating economic reform and sustainable development, or fostering respect for the rule of law.
- * The conditions set forth in section 583 of Public Law 104-107 (the "Dole Amendment") on conducting thorough investigations and cooperating with the United States on investigations of extrajudicial and political killings have not been met and will not be met in the foreseeable future.
- * The U.S. Embassy in Port-au-Prince has failed to devote sufficient attention or resources to the critical issues of extrajudicial killings and human rights abuses perpetrated by officials of the Haitian government.
- * The work of the SIU has been severely compromised by the presence of three American attorneys and one American "investigator" closely identified with many who have publicly and regularly questioned the overwhelming evidence of Haitian government involvement in extrajudicial killings. These individuals are paid by the government of Haiti on terms they refused to disclose to the staff delegation, and have had total access to all SIU investigative files. Prior to the arrival of two American contractors hired by the Department of State to work with the SIU, all SIU investigations were supervised and controlled by these attorneys.

Chairman Sonny Callahan

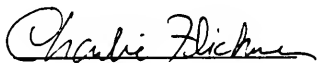
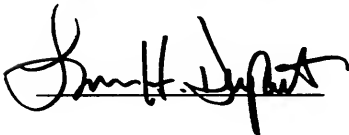
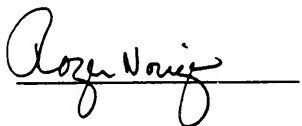
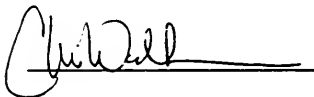
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- * The Clinton Administration has conducted a sustained and coordinated inter-agency effort designed to blame the legislative branch for the shortcomings of its own policies in Haiti. By repeatedly seeking to politicize Haiti policy, the Clinton Administration has done a disservice to the appropriate role of Congress and, more importantly, to the Haitian people. They have also, as a result of systematic obfuscation, kept their own program managers in the dark about these matters, risking the effectiveness of important programs.
- * In a striking and profound reversal, U.S. and international officials in Haiti now argue that the Preval government deserves U.S. support in order to *prevent* former President Aristide from thwarting important policy objectives, especially on economic and judicial reform. The staff delegation consistently heard numerous officials cite policy initiatives -- moribund under the Aristide government -- which could actually proceed under the Preval government if U.S. and international support was provided. Such criticisms of the Aristide regime, voiced now in retrospect, were not voiced when they could have made a difference.
- * The Haitian economy remains highly dependent on foreign assistance, including food aid, and remittances from Haitians living abroad; at least 65 percent of the 1995 budget was provided by international assistance. Despite attempts to promote private investment, adverse internal political developments have reinforced foreign and Haitian investor concerns about the political and security outlook in Haiti. The 1985 level of private investment in Haiti -- a very low baseline -- is not likely to be restored in this century.

We have attached our full report with appendices. Finally, we wish to express our appreciation for the efforts of U.S. Ambassador to Haiti, William Lacy Swing, and his staff for facilitating our visit. Despite our differences over elements of U.S. policy in Haiti, Ambassador Swing, our control officer Julie Winn, and the Embassy staff provided invaluable support for our visit.

Sincerely,

REPORT OF CONGRESSIONAL STAFF DELEGATION TO HAITI

From March 30 1996 to April 3, 1996, a delegation of Congressional staff members traveled to Haiti to assess political, economic and human rights issues, and to examine U.S. assistance programs. Our staff delegation was assisted by Karen Harbert, a former AID and International Republican Institute official who traveled to Haiti at her own expense.

Our delegation included:

Randy Scheunemann
Adviser on National Security
Majority Leader
United States Senate

Louis Dupart
Chief Counsel
Permanent Select Committee on Intelligence
United States House of Representatives

Charles Flickner
Staff Director
Subcommittee on Foreign Operations
Committee on Appropriations
United States House of Representatives

Roger Noriega
Professional Staff Member
Committee on International Relations
United States House of Representatives

Christopher Walker
Senior Professional Staff Member
Committee on Foreign Relations
United States Senate

FINDINGS

- More than eighteen months after Operation Uphold Democracy began, Haiti's social, political and economic situation remains troubled and tenuous. The U.S. intervention successfully destroyed the military dictatorship, and significantly reduced human rights violations, at a cost of more than \$2 billion. However, the U.S. intervention in Haiti has not yet laid the foundation for lasting progress in establishing genuine democracy, in generating economic reform and sustainable development, or fostering respect for the rule of law.

RULE OF LAW

Human Rights and Extrajudicial Killings

- The conditions set forth in section 583 of Public Law 104-107 (the "Dole Amendment") on conducting thorough investigations and cooperating with the United States on investigations of extrajudicial and political killings have not been met and will not be met in the foreseeable future.
- The U.S. Embassy in Port-au-Prince has failed to devote sufficient attention or resources to the critical issues of extrajudicial killings and human rights abuses perpetrated by officials of the Haitian government.
- Despite general statements about the importance of human rights and the rule of law in Haiti by senior U.S. policymakers, no unequivocal or specific statement on more than 25 extrajudicial killings or the emergence of government-sponsored death squads in Haiti has been made. Serious inattention in Washington to systematic human rights violations contributed to the Embassy's uneven and incomplete attention to the critical issues of human rights and the rule of law. Moreover, there is no commitment to incarceration and prosecution of anyone involved in political murders.
- Examples of the Embassy's failure to gather, act on, or report on information concerning extrajudicial killings and human rights abuses includes the following examples:
 - One week prior to the assassination of Mireille Durocher Bertin, the U.S. Embassy and U.S. Armed Forces in Haiti received concrete information concerning a plot to murder her which implicated senior Haitian government officials, including the Minister of Interior. For reasons which remain unclear, no American official ever directly warned Bertin or her family of the assassination plot. The decision not to provide a direct warning based on information in the possession of the United States Government had grave and quite possibly fatal consequences. Apparently, the final decision was made – and not challenged by the U.S. Embassy – by the U.S. Military Commander in Haiti, Major General George Fisher.
 - Until facilitating a meeting requested by the staff delegation, the American Embassy had no contact with the family of slain lawyer Mireille Durocher Bertin more than one year after her murder – despite the dispatch of some 20 U.S. Federal Bureau of Investigation Special Agents to investigate the murder. The family provided the staff delegation with new and useful information about the killing.
 - Until facilitating a meeting requested by the staff delegation, the U.S. Embassy had made no contact with the relatives of the March 6, 1996, Cite Soleil massacre in which eight people were killed and 11 were wounded.
 - The November 7, 1995, shooting in which parliamentarian Jean Hubert Feuille was killed and his colleague Gabriel Fortune was injured has not been investigated adequately. This attack had many similar characteristics to other extrajudicial

killings. Fortune publicly claimed that the killers were sent by the "Palace" because of Fortune's anti-corruption campaign in the Parliament. The Embassy has made no apparent independent effort to follow-up on Fortune's explosive allegations or determine the status of the material evidence and investigation.

- The Embassy has made no effort to determine basic facts surrounding the May 22, 1995, murder of Michel J. Gonzalez, a neighbor of President Aristide's who was shot and killed near his home by four gunmen riding two motorcycles; the attack was witnessed by Gonzalez' daughter, a U.S. citizen. In a meeting with members of the delegation, sources close to the Gonzalez family confirmed persistent rumors that Gonzalez had been pressed repeatedly to move from his rented home so that President Aristide could acquire the property. Despite these widespread rumors, which might suggest a motive in the attack, neither the Embassy nor MICIVIH has made any effort to determine whether the Gonzalez property (where the house has reportedly been demolished) has been incorporated into Aristide's growing 17-hectare compound.
- Duly Brutus, a member of the democratic PANPRA party, was arrested briefly in July 1995 and his home was attacked by a 300-person mob in October, less than a week after his testimony before the House International Relations Committee's Subcommittee on the Western Hemisphere. Brutus became aware of threats on his life in November 1995. He was advised by the U.S. military in Haiti to contact the U.S. Embassy with regard to the threat. The Embassy was totally unresponsive to his urgent pleas for help. Because the threats persisted and no one at the Embassy would help, Brutus called the Department of Defense in Washington to request their assistance. DoD interceded on his behalf to ensure that he received safe escort to the airport in Port-au-Prince and onto an airplane bound for the U.S. In a bizarre turn of events, the Embassy vocally protested DoD's help, which ironically probably saved Mr. Brutus's life. Mr. Brutus has now sought temporary refuge in the United States.
- Just before the delegation's arrival in Haiti, Mr. Brutus' wife heard a disturbance during the night at her home in Port au Prince, after which she found five bullets wrapped in stationery of the Ministry of the Interior. An Embassy political officer called Mrs. Brutus after hearing of the incident but took no further action after being assured by Mrs. Brutus that the HNP authorities appeared to be responding adequately to the incident.
- Carl Denis and four other persons associated with the "Political Organization for Democracy in Haiti" (founded by Mireille Durocher Bertin shortly before her murder) were arrested on August 18, 1995, a day after a four-person demonstration in Port au Prince. They have since languished in the Haitian National Penitentiary without being charged with any crime, reportedly in violation of Haitian criminal procedure. Mr. Denis told members of the delegation that the lone U.S. Embassy visit was by a "staff sergeant"; Mr. Denis' arrest was reported in the State Department's 1995 human rights report on Haiti. In early March, Mr. Denis was visited by a representative of the Minister of Justice, who told him that there was no merit to the case; he and his companions remain in prison today.

- The Embassy terminated its human rights victims fund shortly after the U.S. intervention. The fund provided more than \$219,000 for more than 1,700 victims of human rights abuses and their relatives during the *de facto* regime's rule. Terminating the fund after the installation of President Aristide sent a clear signal that victims of human rights abuses under the Aristide and Preval governments are of less importance to the U.S. government than victims of abuses under the *de facto* regime.
- The U.S. Embassy's Political Section is now fully staffed – which was not the case when one member of the delegation traveled to Haiti in August 1996. The section includes three officers covering political-military issues on a full time basis and one full-time human rights officer. Given the adequate staffing, the Embassy's apparently complete reliance on non-U.S. sources (such as foreigners serving with the United Nations) for reporting on high-profile cases ostensibly important to Washington is perplexing and disturbing.
- In light of Washington's silence and the Embassy's inaction, it is difficult to escape the conclusion that U.S. officials did not attempt to develop independent information on extrajudicial killings because U.S. policymakers did not want to know the truth.
- U.S. government lack of interest and attention to extrajudicial killings – until forced by Congressional pressure to act – sent a signal to successive Haitian governments that the U.S. would tolerate these actions.
- The "Presidential Commission on Truth and Justice," which was established after President Aristide's return to investigate human rights violations that took place during his exile, presented its report to Aristide on February 5, 1996. Although the Commission's findings have not been made public, its recommendations reportedly include compensating victims and establishing an international tribunal with foreign assistance to adjudicate some of the "5,000 cases" covered in the Commission's report. The Commission relied on support from the Canadian government and the UN Development Program since USAID failed to deliver on its promise to provide the Commission \$50,000 for vehicles, computers, and office equipment.

Police Dismissals

- Eight individuals in the police and security apparatus of the Aristide regime have been implicated in extrajudicial murders by credible evidence. After pressure from Congress, including passage of the "Dole Amendment" and objection to obligation of police assistance by House International Relations Committee Chairman Gilman, the Preval government agreed these individuals would not serve in any police and security force.
- Congressional Republicans had long raised concerns about these individuals even before Operation Uphold Democracy began. President Aristide consistently refused to take any action against these individuals, and many of them remained in Aristide's inner circle until the end of his rule. Many of them remain close to Aristide today. President Preval deserves credit for doing what his predecessor would not: acting against the most egregious violators of human rights in the Haitian security forces.

Haitian National Police

- Creation of a 5,000 person Haitian National Police (HNP) has been a massive undertaking costing the U.S. taxpayers more than \$45 million to date. Despite the assistance provided by the Department of Justice's International Criminal Investigative Training Assistance Program (ICITAP), the HNP continues to be plagued by the absence of qualified leadership, lack of equipment, and lack of clear political support at the highest levels of the Haitian government.
- The March 6, 1996 killings in Cite Soleil will be a critical watershed for the Haitian National Police. Reliable reports -- including eyewitnesses interviewed by the staff delegation -- implicate members of the HNP in the murders. Beyond the alleged direct involvement of HNP officers in the crimes, senior HNP officials must bear responsibility for the loss of control of the situation. The new HNP Inspector General -- dismissed under the Aristide regime for actually trying to investigate a political murder -- has begun to investigate the Cite Soleil incident.
- In addition to Cite Soleil, HNP officers have been involved in a number of shootings, beatings and other human rights abuses. In addition, at least one officer has been murdered in circumstances which remain unclear.
- Although the HNP has developed its *manuel de directives*, a code of regulations and operating procedures, most HNP officers are not familiar with it, making disciplinary action against HNP officers for violations of law or human rights infrequent. Staff were informed by MICIVIH officials in Gonaives that a local HNP *commissaire* was known to have committed at least two abuses, including severely beating a civilian, but was merely demoted to the rank of officer.
- The delegation learned from U.N. Civilian Police (CIVPOL) trainers that HNP officers recently destroyed two new U.N. vehicles during routine patrols in Gonaives and that the drivers of the vehicles possessed no driver's licenses nor had been taught how to drive. CIVPOL field personnel estimate that 98 percent of all HNP officers do not know how to drive. According to the U.S. State Department, 300 of the 500 vehicles provided to the HNP have been wrecked.
- In addition to the Haitian National Police, numerous other armed governmental security forces exist in Haiti, including the National Intelligence Service (SIN), the Ministerial Guards, the National Palace and Residential Security Unit (NPRSU) and the Presidential Security Unit. Particularly in the cases of the SIN, the NPRSU and the Ministerial Guards, it is unclear who in the Government of Haiti controls their activities. There are widespread and credible reports of serious human rights abuses by these security forces.

Special Investigative Unit (SIU)

- The much-trumpeted Special Investigative Unit (SIU) of the Haitian National Police is woefully ill-prepared to undertake the criminal investigations with which it has been charged.
 - SIU investigators have no more than one week of specialized training in skills necessary to conduct criminal investigations.
 - The SIU is only at 25 percent of the strength proposed by the U.S., and has yet to receive any of the 100 percent increase in investigators promised by the Haitian government. The SIU currently consists of only 10 officers, charged with more than 80 cases.
 - SIU investigators do not have access to vehicles, communications equipment, office supplies, and basic investigative equipment. The SIU received office space large enough and secure enough to accommodate its needs.
- The work of the SIU has been severely compromised by the presence of three American attorneys and one American "investigator" closely identified with many who have publicly and regularly questioned the overwhelming evidence of Haitian government involvement in extrajudicial killings. These individuals are paid by the government of Haiti on terms they refused to disclose to the staff delegation, and have had total access to all SIU investigative files. Prior to the arrival of two American contractors hired by the Department of State to work with the SIU, all SIU investigations were supervised and controlled by these lawyers.
- U.S. Embassy officials did not comprehend or report on the significance of critical issues relating to extrajudicial killings, including crucial developments at the Special Investigative Unit (SIU) of the Haitian National Police. The Embassy official responsible for police issues visited the SIU less than once a month since its creation in October, 1995.
- Even if the American lawyers and "investigator" who have tainted SIU actions to date are physically removed and receive no further access to SIU investigators and information, severe damage has already compromised the activities of the SIU on the most important cases. One lawyer was present for the December, 1995 FBI briefing of Haitian government officials on the Bertin case, and all SIU files have already been available for their unlimited perusal.
- It is unclear why the vast majority of the SIU's caseload involves crimes from the *de facto* years. These cases were the subject of the Truth Commission report, and these crimes were an important factor leading to U.S. intervention. It is also unclear why, in light of the decision to include cases prior to September 1994, cases from the first seven months of President Aristide's rule were excluded.

Narcotics

- For years, endemic corruption and unpatrolled borders, water, and ports have made Haiti a prime target for the smuggling of illicit drugs. After months of inaction under Aristide, the new Haitian government has named a chief of its anti-narcotics unit. The police chief has promised but not yet delivered adequate nationwide staffing or resources. Members of the inexperienced police force will require basic investigative and anti-drug training. A full time DEA office and a State Department Narcotics Assistance Section resident in Miami is moving to implement training and cooperation plans.

Judicial Reform

- Haiti's judicial system is almost completely dysfunctional. Despite more than \$3 million in AID assistance already obligated (AID has programed \$18 million through FY 1999), even the most basic training and equipment needs remain unmet. While AID claims that 400 judges and prosecutors have benefited from short-term training seminars, AID has "detected a steady pattern of judges selected by the Ministry for training only to be fired shortly after -- or even during -- the two week course." Even if HNP investigations bring prosecutions against those responsible for the politically motivated murders, it is unlikely that the judicial system can swiftly, much less impartially, act on these cases.

CLINTON ADMINISTRATION POLITICIZATION OF HAITI POLICY

- The Clinton Administration has conducted a sustained and coordinated inter-agency effort designed to blame the legislative branch for the shortcomings of its own policies in Haiti. By repeatedly seeking to politicize Haiti policy, the Clinton Administration has done a disservice to the appropriate role of Congress and, more importantly, to the Haitian people. It has also, as a result of systematic obfuscation, kept its own program managers in the dark about these matters, risking the effectiveness of important programs.
- The staff delegation heard numerous examples of incomplete, inaccurate, and intentionally misleading information about the role of Congress provided by Clinton Administration officials in Washington to staff, the AID mission, government of Haiti officials and the Haitian business community.
- The Embassy and senior Administration officials have repeatedly stated that they welcome Congressional pressure because it leverages their pressure on the Haitian government. Unfortunately, the staff delegation found an absence of pressure by the Administration unless there was Congressional interest.
- While senior AID officials assert that Congress is responsible for delays in providing police training programs in Haiti, State Department officials take credit for suspending police training assistance because of the presence of alleged criminals in senior police positions. ICITAP officials in Haiti were not informed of key policy decisions impacting police training programs nor the basis for such decisions.

- Senior Administration officials in Washington also criticize Congress for failing to make available funding for certain AID projects in Haiti, yet they conceal the complete picture of serious problems with U.S. assistance programs in Haiti.
 - While criticizing Congressional concerns about \$4.2 million in development assistance programs alleged to be "humanitarian", AID itself has delayed obligation of more than \$5.5 million for similar programs because of serious concerns about the competence of the Haitian cabinet minister responsible for administering these funds.
 - AID, not Congress, has withheld since 1995 a \$4.6 million cash transfer to the Haitian treasury because of that government's failure to meet mutually-agreed upon privatization goals.
 - AID officials have criticized a congressional hold on an environmental project known as "Agricultural Sustainable Systems and Environmental Transformations" (ASSET). Yet at a bipartisan congressional staff briefing in February, 1996, AID officials stated that they intended to withdraw the project altogether because, according to internal AID documents, the project "has been stymied" by the Haitian Ministry of Environment. Other AID electronic mail messages reveal that AID did not withdraw the project because AID's Assistant Administrator of Latin America and the Caribbean sought political advantage in blaming Congress for holding up the project.
 - In Washington, the Administrator of AID blames Congress for withholding humanitarian aid, but in Haiti, AID internal documents state that "the \$50 million Health Systems 2004 Project "is languishing" because of problems with the Haitian Minister of Health.
- The impact of the "Dole Amendment" has been consistently misrepresented by officials in Washington and within the U.S. Embassy in Haiti. Despite the clear exemptions for humanitarian and electoral assistance, numerous Haitian and U.S. officials have been informed – incorrectly – that the "Dole Amendment" is responsible for delays in such programs.

DEMOCRATIZATION AND POLITICAL ISSUES

Haiti's Political Power Struggle

- In a striking and profound reversal, U.S. and international officials in Haiti now argue that the Preval government deserves U.S. support in order to *prevent* former President Aristide from thwarting important policy objectives, especially on economic and judicial reform. The staff delegation consistently heard numerous officials cite policy initiatives – moribund under the Aristide government – which could actually proceed under the Preval government if U.S. and international support were provided. Such criticisms of the Aristide regime, voiced now in retrospect, were not voiced when they could have made a difference.

- Although Lavalas formally controls the executive, legislative and judicial branches of government, a three way struggle for political power is thought to be underway in Haiti: President Preval has the government, Gerard Pierre Charles has the Lavalas political organization, and former President Aristide has the popular support. Unfortunately, while President Preval's stated objectives most closely match U.S. policy goals, he is the weakest of the three contenders.

Presidential Elections

- Presidential elections were held on December 17, 1995. Aristide's hand-picked successor, Rene Preval, won 80 percent of the vote with only 25 percent of eligible voters casting ballots. Preval campaigned as Aristide's "twin," touting "Five More Years of Lavalas." Although these elections were run more efficiently than the controversial June 25 parliamentary balloting, a level playing field did not exist. Aristide's Lavalas movement dominated the Provisional Electoral Council (CEP) on national and regional levels. Lavalas partisans routinely harassed opposition figures, driving some center-to-right leaders out of the country altogether. The presidential filing deadline coincided with widespread political riots, incited by President Aristide's November 11, 1995 eulogy for slain parliamentarian Jean Hubert Feuille.
- Opposition parties, whose many valid complaints about the parliamentary elections were unheeded, boycotted the elections altogether. What remained of the "independent media" (where radio is most important) practiced "self-censorship," avoiding stories that might offend Lavalas partisans. And, international observers (including the United States government, the OAS, and the UN), in a rush to vindicate their mission, rubber-stamped the parliamentary and presidential results.

The 1995 Elections

- Haiti's series of elections in 1995 were deeply flawed and did little to advance genuine democracy in Haiti. The egregious flaws before, during and after the June, August, September and November elections cast a serious and lingering cloud over the limited progress toward democratic pluralism in Haiti.
- The democratic opposition in Haiti is demoralized and fragmented. U.S. credibility with the democratic opposition never recovered from two serious blows: refusal to acknowledge systematic problems before the June 25 elections; and the rapid U.S. stamp of approval issued the day of the elections before the polls closed by the head of the official U.S. observer delegation, AID Administrator J. Brian Atwood. Overwhelming evidence of insecure ballots, candidate exclusion and a host of other problems has been detailed comprehensively by the International Republican Institute and the Carter Center. AID documents published recently have dropped the word "fair" from its descriptions of the 1995 electoral process.
- A U.S. government-brokered accord between the democratic opposition and Aristide government after the June 25 elections were belated, and ultimately ineffective. The most significant potential breakthrough in these negotiations was halted by President Aristide's own intransigence.

- There still has not been a full and satisfactory accounting of all U.S. election support assistance in 1995 (in excess of \$12 million). Because of this failure, AID has no funds programmed for the 1996 Territorial Assembly and Senate elections and refuses to provide any election support until the United Nations and the Haitian Provisional Electoral Council (CEP) undertake and release a complete accounting of all USAID funds in the Haitian Election Trust Fund.

Haitian Parliament

- The Lavalas-dominated bicameral parliament has demonstrated unusual independence from the executive branch by rejecting Aristide's choice for police chief, negotiating prime minister and cabinet candidates, and scrutinizing Preval's budget request. Preval is moving slowly to educate and inform a skeptical, populist Parliament that will be called upon, within a few months, to consider budget cuts, civil service reform, privatization of state enterprises, among others. Many parliamentarians have no government experience, and the institution has no research staff or facilities to carry out basic analytical or deliberative functions. For these reasons, despite the guarded optimism about the Preval government's commitment to economic reform, the parliament may prove to be a battleground – and a bottleneck.

INTERNATIONAL PRESENCE

O.A.S./U.N. Civilian Monitoring Mission in Haiti (MICIVIH)

- A case has been made for a continued international presence in Haiti after the expiration of the UNMIH II and MICIVIH mandates, but it is by no means certain that extension of either of these operations under their current mandate is the best form for such a presence to take.
- MICIVIH's current mandate expires on May 31 and an internal U.N. Security Council dispute may preclude extension. In its current scaled-down form, MICIVIH has 64 observers in Haiti (each paid \$5-6000 monthly) down from a peak of 170, and has 7 offices down from a peak of 12. MICIVIH currently spends almost \$600,000 monthly.
- MICIVIH has adopted a passive role in observing human rights conditions in Haiti, with the mission's director describing conditions today as "relatively quiet." MICIVIH has identified more than 20 murders in the past year as "commando-style executions", the victims of which include political opposition leaders and business persons. U.S. officials acknowledge publicly that several of these killings are linked and that Haitian government officials appear to have been involved in the murders and the subsequent cover-up. MICIVIH, which played an activist role when the *de facto* regime held power, has made little effort to press the Haitian government for investigation or prosecution of these killings.

U.S. Military Presence

- All U.S. military forces associated with UNMIH operation are scheduled to leave Haiti by April 23. The U.S. bilateral military engineering, medical, and civil affairs exercise "Fairwinds", consisting of active duty and reserve forces, will continue through 1997.
- The U.S. military continues to provide important engineering and civil works support in Haiti. Despite the persistent refusal of the government of Haiti to respond to requests about priority projects, the U.S. military has undertaken a series of successful civil works efforts to rehabilitate roads, sewers, schools and health clinics.
- The Administration recently decided to keep two Chinook heavy-lift helicopters and 40 personnel in Haiti to support the Canadian contingent of UNMIH through May 10. After that, a U.S. contractor will operate helicopters in support of UNMIH forces. On April 10, 1996, the State Department notified Congress of its intent to finance the air support (at least \$1.2 million during the next six months) from its voluntary peacekeeping account.

ECONOMY AND DEVELOPMENT

Haitian Economy

- The Haitian economy remains highly dependent on foreign assistance, including food aid, and remittances from Haitians living abroad; at least 65 percent of the 1995 budget was provided by international assistance. Despite attempts to promote private investment, adverse internal political developments have reinforced foreign and Haitian investor concerns about the political and security outlook in Haiti. The 1985 level of private investment in Haiti — a very low baseline — is not likely to be restored in this century.
- A major problem for Haitians seeking to break their nation's cycle of misgovernance and poverty is the simple fact that revenues (at about 3 percent of GDP) do not come close to the admittedly inadequate level of government spending (about 7 percent of GDP). Ambitious U.S. Embassy and AID attempts to "irreversibly and fundamentally change Haitian society" through projects aimed at Haitian institutions over several years will fail if Haiti cannot pay its government workers and police. They will also fail if Haiti cannot correct its macroeconomic policy. Sustainable development is a distant dream under these circumstances.

Privatization

- President Preval renewed the commitments he made in Washington, D.C. in late March 1996 to resume the privatization program halted by former President Aristide in October 1995. Whether the new President can overcome strident opposition to privatization from his predecessor and a skeptical parliament remains to be seen.
- An ambitious schedule for comprehensive economic reforms calls for negotiations between the Preval Government and international donors to begin on April 15, possibly resulting in signed agreements by the end of May. The untested new Haitian Minister of Finance and the remaining Preval economic team will have to stretch their limited political mandate and

untested political skills to the limit if there is to be hope of reaching agreements acceptable to both Washington and the Lavalas coalition.

- Privatization will continue to be a major sticking point. Both the U.S. and the World Bank appear to be insisting on completion of the process of turning over to private management on a lease basis the local flour mill and cement plant – both of which are idle. Both became symbols of Aristide's resistance to economic reform when he refused to open bids for management of the mill and plant in October 1995. This led to the resignation of reformist Prime Minister Smarck Michel, and the termination of nascent economic recovery in the months since.
- At the beginning of April, some elements of Haiti's economic team were searching for a way to proceed with privatization while taking into account popular resistance to the concept. A draft proposal would accelerate the outright sale of 50 percent of the flour mill and cement plant. The remaining 50 percent would be assigned to a holding company representing local authorities who could eventually benefit from any distributed profits.
- Bureaucratic waste, fraud and corruption continue to be a major drag on the Haitian government. More than 90 percent of the entire Haitian budget is dedicated to salaries, and up to 30 percent of the Haitian civil service consists of "phantom" employees drawing 50 percent of the payroll.

International Financial Institutions

- The International Monetary Fund (IMF), the World Bank, and the Inter-American Development Bank (IDB) are committing far more economic resources to Haiti than the major bilateral donors, the United States, Canada, and France. About \$230 million was made available by the IFIs in 1995 through the simple device of releasing funds frozen during Aristide's exile. An equal or greater amount is scheduled for 1996. Of course, the military costs absorbed by the United States and Canada in restoring President Aristide have not been taken into account when measuring bilateral foreign aid contributions.
- More than \$100 million in IFI assistance is frozen because of the Haitian government's refusal to meet mutually-agreed upon privatization goals.
- The IMF and World Bank are approaching their 1996 negotiations with the Preval Government with some determination to avoid repeating the exceptional procedures used to disburse funds to the Aristide Government in early 1995. Those loans lacked specific conditions and were heavily front-loaded, precluding any opportunity to match promises with performance.
- By summer, IMF and World Bank disbursements will be needed in order to meet GOH payrolls and balance of payments requirements. Without a viable economic reform package in place by June 1, that schedule will not be met. Any delays or breakdown in negotiations with the IFIs will result in a renewal of Clinton Administration efforts to fill the resulting budget gap through use of bilateral ESF, of which up to \$60 million may remain from the 1996 appropriation. Much of the ESF for Haiti is now allocated to projects.

- The IDB representative in Haiti may be more willing than his IFI counterparts to advance up to \$350 million in additional concessional loans to the Preval Government. He appeared to measure success by the level of loans committed, not their contribution to sound policies in Haiti. It should be noted that the IDB and the World Bank were willing to co-finance public works projects in Haiti undertaken by U.S. armed forces engineers when AID appeared unable to do so.

AID Mission in Haiti

- Many AID projects do not meet the basic criteria of "sustainability". For example, according to an internal AID evaluation of its community development projects in one area of Port-au-Prince, a majority either failed or were unsustainable. AID's internal auditor notes in the case of renovations to the school, *Ecole La Sanctification*, "This was a gift, not a project!" and for another project AID writes, "This project was a one time affair without a sustainable component towards development."
- AID's sole contribution to privatization in Haiti has been a \$2 million grant to the International Finance Corporation to fund IFC-sponsored reports and, according to AID, a "public awareness campaign". In light of the strong -- and ill-informed -- public opposition to privatization in Haiti, any public awareness campaign has failed.
- Through AID's new "Results Review and Resource Requirements" ("R4") process, it is difficult to assess AID's successes and failures since AID now claims credit for projects in which it has no financial or technical stake. For example, AID claims it "assisted the U.S. military...to identify infrastructure projects." Senior U.S. military officials claim that no collaboration exists between the U.S. military and USAID. Further, the project in question, repairs to Harry Truman Blvd. -- the city's main thoroughfare which runs in front of the U.S. Embassy -- were paid for by the Inter-American Development Bank.
- As part of its short term jobs program, AID contracted to develop a data-base of Haitians and Haitian-American residents with marketable technical skills. An AID contractor was paid to develop the skills bank data-base, which includes 1,171 listings, and it completed its work in October 1995. Despite AID's purported goal of the project which was "rapid mobilization of individuals", today -- five months later -- no part of the data-base has been made available to the Haitian government or local organizations.
- AID lacks innovative methods for dealing with the critical problems facing Haiti. For example, AID's ASSET project seeks to plant more trees in Haiti, continuing a program which has resulted in the planting of 90 million trees over 15 years. Regrettably, there is little evidence that additional tree planting will be effective since Haitians continue the massive deforestation of their country at a rate of 30 million trees annually.
- AID's grantee to work with the Parliament, has little experience working with legislatures or working with Haiti, is moving slowly in its critical work. A previous contractor with extensive experience in Haiti and in parliamentary development, was dropped by AID, apparently because of the contractor's previous work with the democratic opposition to President Aristide.

- AID takes credit for a training program for 3,000 demobilized enlisted former members of the Haitian armed forces (FAd'H), and for 2,400 ex-members of Interim Public Security Force. While AID claims 2,800 "employment opportunities with private employers have been identified," AID documents omit the fact that less than 4 percent of the former FAd'H members have actually found employment. AID officials also reportedly boycotted graduation ceremonies for the former FAd'H trainees for ideological reasons.

U.N. Development Program

- As with all UNDP projects, it is difficult to determine their success, failure or sustainability since nearly all of UNDP projects are subcontracted out to other United Nations agencies or to private contractors to provide "technical assistance." Staff did learn that UNDP's contribution to Haitian privatization consisted of a single technical report, which, despite 15 months of preparation and review, has not yet been submitted to the government of Haiti nor disseminated to the private sector. The U.S. Embassy also remains at odds with UNDP over a prison reform project, repeatedly yet unsuccessfully urging UNDP to do more than offer seminars.
- Staff visited a \$10,000 pilot project designed by UNDP to teach rural farmers basic agricultural methods to alleviate soil erosion from hillside farming. It is curious that UNDP is only now undertaking a pilot project of this nature since environmental destruction due to this method of farming has been evident in Haiti for decades.

RECOMMENDATIONS

RULE OF LAW

Haitian National Police

- The Government of Haiti should immediately demonstrate its commitment to the Haitian National Police and the Special Investigative Unit. President Preval's visit to the SIU immediately after the delegation left Haiti was a positive step — unfortunately, the visit was not well-coordinated and no one was at the unit's headquarters during the visit.
- ICITAP should repair the critical flaws apparent in its Haiti training program, especially in supervisory and investigative personnel, revising future training programs it carries out. The desperate lack of trained supervisory and investigatory personnel must also be immediately addressed if the Haitian National Police and its specialized units are ever to operate effectively. Both shortages should have been foreseen much earlier, and should be addressed in future ICITAP programs.
- Visas to enter the United States should be immediately withdrawn for all current or former Haitian officials suspected on the basis of credible evidence to be involved in extrajudicial killings or other gross violations of human rights until they are formally cleared by the Haitian judicial system.

- In light of the fact that the report required by the "Dole Amendment" cannot be honestly made, U.S. assistance to the government of Haiti must be immediately reviewed, and all ongoing assistance programs, except for legitimate humanitarian or electoral assistance, to the government should be suspended pending the outcome of the review.

Special Investigative Unit

- No further assistance to the HNP or the SIU should be obligated or expended until the following conditions have occurred:
 - A credible, respected head of the SIU is appointed.
 - A full-time prosecutor is assigned to the SIU.
 - Additional investigators are assigned to the unit, reflecting the U.S. preference for 40 full-time investigators.
 - Priority in manpower and other resources is given to cases of extrajudicial killing after the return of former President Aristide.
 - Access to SIU investigations, investigators and material is completely and demonstrably denied to the American lawyers and "investigator" who have been working with the SIU or anyone else who might compromise the integrity of the investigations.
- If the above conditions have been met, and after prior consultation with Congress, ICTTAP should move immediately to augment training and technical assistance for the Inspector General of the HNP and the Special Investigative Unit, including forensics, communication and other much-needed aid.
- After the *modus operandi* of the SIU is clearly defined to ensure the security of sensitive material, the FBI should cooperate fully, including sharing complete files, with the U.S. SIU contractors to ensure timely access to all evidence and reports needed to conduct a thorough investigation of extrajudicial killings.

U.S. Embassy

- The Embassy must make human rights a priority. The Embassy should immediately reconstitute its human rights fund to assist victims of political violence and their families. The Embassy should assume responsibility for monitoring, gathering information and reporting on extrajudicial killings, including the murders of Mireille Bertin, Jean Hubert Feuille, Michael Gonzalez, and those killed in the Cite Soleil massacre.
- The Inspectors General at the Department of Defense and the Department of State, the General Accounting Office and the U.S. Congress should conduct independent investigations into the reasons why no U.S. government official warned Mireille Durocher Bertin of an assassination plot against her involving senior Haitian government officials, despite possessing clear and credible information of such a plot. The investigation should include the role of U.S. Embassy and U.S. Armed Forces personnel in the decision not to directly inform Bertin about the assassination plot.

POLITICIZATION

- The Administration should cooperate fully with all Congressional Committee requests for documents related to U.S. policy in Haiti. Timely responses to all Congressional requests for information regarding the Administration's policies in Haiti would be a positive, good faith step in restoring bipartisan cooperation in Haiti.
- Administration officials should end their intentional mischaracterizations of the "Dole Amendment" and should make available to the U.S. Embassy, the USAID mission in Haiti, the government of Haiti, nongovernmental organizations and the media accurate information about the reasons for the withholding of U.S. assistance.

ECONOMY AND DEVELOPMENT

AID and Assistance Issues

- AID should not consider releasing the Fiscal Year 1995 \$4.6 million cash transfer to the government of Haiti until true privatization has taken hold. Under current circumstances, the staff delegation does not foresee the situation in Haiti improving to the point at which there would be justification for releasing any Fiscal Year 1996 funds for balance of payments support. Without swift action by the government of Haiti to substantially cut its civil service payroll, any U.S. balance of payments support will only be wasted.
- Congress should not approve any additional Administration requests to use scarce ESF funds in Haiti until a sustainable economic reform program has been implemented. Congress should also carefully monitor the use of the \$60 million in ESF made available from the FY 1996 appropriation.
- Given that AID claims it cannot move forward on its ASSET project due to government of Haiti intransigence, AID should immediately withdraw this Congressional Notification.
- AID should immediately terminate projects which are not sustainable. While many of the short term jobs programs and training aid have given the perception that Haiti's economy is progressing and that AID's efforts in this area have been successful, that is simply not the case. As seen by the staff delegation, when AID resources for these projects are exhausted, the projects have failed.

Privatization

- The Government of Haiti must accelerate the rate of privatization. Privatizing the cement factory and the flour mill, while important, should not represent the culmination of the government's efforts, rather they should serve as a useful first step catalysts to further privatization.
- The International Financial Institutions should hold firm on their insistence on steps toward privatization, requiring that reforms be enacted before assistance is disbursed. Congress should carefully review the 1997 request for the IADB's Fund for Special Operations to ensure that its use in Haiti would not result in the postponing of economic

and civil service reform and privatization. Further, U.S. executive directors at these institutions should use significant American leverage, including their voice and vote, to ensure that reforms precede assistance.

DEMOCRATIZATION AND POLITICS

- AID must intensify its effort to provide material and technical support so the Parliament can function as efficiently as possible. Current delays, in large part due to AID's change of contractor midstream, should be immediately resolved. Support should include timely, practical assistance on substantive issues which are expected to be taken up by the Parliament soon.
- AID should demand a full and complete accounting from the United Nations and the government of Haiti for all U.S. assistance provided for the 1995 elections. No additional election assistance should be provided until this accounting is made public and made available to Congress.

INTERNATIONAL PRESENCE

- The MICTVIH mission should not divert all its attention toward long-term institution building in Haiti at this time, rather it should be more aggressive in its basic human rights monitoring and reporting activities. MICTVIH should further press the Preval government to investigate all human rights violations, especially those cases under the investigative jurisdiction of the SIU and the Truth Commission.

(QUESTIONS AND ANSWERS FOR THE RECORD FOLLOW:)

Questions for the Record Submitted by Chairman Callahan**ECONOMIC REFORM**

Question. In late February a gentleman by the name of Peter Johnson, Executive Director of Caribbean/Latin American Action, testified before the House International Relations Committee regarding Haiti. His bottom line: "Economic despair is the major threat to continued stability and security in Haiti."

He also testified that the Haitian government is doing nothing to reverse this situation: Privatization is not moving forward; uncontrolled spending by the Haitian government is creating a huge deficit that will stimulate inflation; and the Haitian government has no plan or program in place to boost jobs in the private sector.

Indeed, our own aid package has very little that directly supports the private sector. There have been jobs programs, but they involve short-term infrastructure jobs, training, or technical assistance to the government.

According to USAID's Program Status Report, only six loans the equivalent of \$1.1 million have been provided so far. In addition, very little of the assistance pledged by other donors is for private sector investment.

Why is that? How much of the proposed 1996 program and 1997 request is intended to directly support the development of the private sector through loans, as opposed to technical assistance to the government? Is our lack of focus on economic growth deliberate?

Answer. We believe that broad-based economic growth led by the private sector is the key to Haiti's long-term economic development and growth. Therefore, promoting sustainable economic growth that creates jobs and expands economic opportunity is one of the principal objectives of our economic assistance program. However in order to promote long-term economic growth in Haiti, it is necessary to establish a policy, legal and regulatory framework which encourages private investment and increases trade flows.

It is our experience that direct assistance to the private sector—such as through loan programs—are not effective unless an appropriate financial sector framework is in place which allows private business community to flourish. For example, our \$2 million Agricultural Guaranty Fund, which was established in June 1995, has provided loans totalling \$1.3 million through Haitian commercial banks. The principal obstacle to expanding loan disbursements under the guaranty fund is the lack of availability of local currency due to the high legal reserve imposed by the central bank on commercial banks. Without this regulatory constraint, our guaranty fund would have been over-subscribed.

Along with the International Monetary Fund, the World Bank and the Inter-American Development Bank, we have helped the Government of Haiti to implement the overall economic policy, legal and regulatory measures needed to encourage and safeguard private investments and businesses. As a result, we have seen significant increases in exports, particularly of agricultural products. Through our Program for the Recovery of the Economy and Policy and Economic Reform Project, we provided specific technical assistance to the government. This is expected to help promote Haitian negotiations with the International Financial Institutions which will trigger disbursement of \$1.2 billion in donor pledges. In addition to these efforts, in FY 1996, we plan to provide \$10 million for loans and other direct support for private sector development, including assistance to small businesses and farmers. In FY 1997, we hope to provide about \$21 million additional funds for private sector development, subject to Congressional approval of the President's budget request.

ARISTIDE FOUNDATION

Question. Mr. Schneider, the Committee has received a copy of an electronic mail message from you to various folks in State and USAID regarding possible support for an independent foundation being established by ex-President Aristide. It is entitled "Strobe wants to know". I assume that means Deputy Secretary Strobe Talbott. It discusses the possibility that the foundation is a "front" for a political party, as well as the possibility of providing U.S. funds to the foundation. The message also states, "There also is interest at the White House is doing a large public event with benefits going to the foundation".

Does the Administration have any intention of providing funds to Aristide's foundation?

Answer. President Aristide has mentioned on several occasions that after leaving office he wants to work on social development problems, especially literacy issues (some 80% of Haitians are illiterate). We understand that President Aristide is considering establishing a foundation for this purpose. We have not received any proposal or request for funding. Should USAID receive a request for funding, we would evaluate it according to the same criteria that we use for evaluating all such unsolicited proposals. In any case, linkage of such a foundation proposal to a political party would render possibility of USAID funding inappropriate.

PROJECT MORTGAGES

Question. Please provide, by project/program, the outyear mortgages (by fiscal year) for each current project/program for fiscal year 1997.

Answer. The attached table provides the response to your question.

**Results Review and Resources Requirements (R4)
Mortgage - Active Projects**

| Proj. # | Project Title | Planned Life of Project Funding | Cumulative Obligations as of 09/30/96 | Mortgage as of 09/30/96 | FY 1996 | | FY 1997 | | FY 1998 | |
|------------------------------|-------------------|---------------------------------|---------------------------------------|-------------------------|---------------|-------------------------|------------------------------|----------------------------------|------------------------------------|------------------------------------|
| | | | | | OYB | Mortgage as of 09/30/96 | Base Mortgage as of 09/30/97 | Base-20% Mortgage as of 09/30/97 | Base - 10% Mortgage as of 09/30/98 | Base - 30% Mortgage as of 09/30/98 |
| Strategic Objective 1 | | 157,013 | 67,834 | 41,676 | 31,680 | 27,376 | 15,376 | 15,376 | 4,623 | 4,623 |
| 0222 | PAR | 23,000 | 5,297 | 17,704 | 5,000 | 12,704 | 8,204 | 8,204 | 3,704 | 3,704 |
| 0236 | DEP | 30,580 | 15,261 | 15,319 | 4,700 | 10,619 | 5,119 | 5,119 | 1,119 | 1,119 |
| 0238 | AOJ | 18,000 | 10,447 | 7,553 | 3,500 | 4,053 | 2,053 | 2,053 | 0 | 0 |
| 0254 | Elections Support | 13,500 | 12,200 ** | 1,300 | 1,300 | 0 | 0 | 0 | 0 | 0 |
| 0300 | ICITAP | 50,604 | 37,591 *** | | 13,000 | N/A | N/A | N/A | N/A | N/A |
| | OTI | 21,329 | 17,139 **** | 4,190 | 4,190 | 0 | 0 | 0 | | |
| Strategic Objective 2 | | 66,000 | 3,000 | 47,000 | 20,000 | 42,000 | 21,000 | 26,000 | 0 | 14,253 |
| 0280 | BOP II | 15,000 | | | 15,000 | 0 | | | | |
| 0256 | PRET | 50,000 | 3,000 **** | 47,000 | 5,000 | 42,000 | 21,000 | 26,000 | 0 | 14,253 |
| Strategic Objective 3 | | 247,920 | 123,606 | 124,315 | 28,600 | 95,615 | 58,000 | 71,000 | 29,700 | 47,600 |
| 0189 | PSFP | 33,786 | 32,866 | 900 | 900 | 0 | | | | |
| 0190 | HBH | 24,108 | 22,385 | 1,723 | 1,723 | 0 | | | | |
| 0216 | EUHS | 16,481 | 16,731 | 1,750 | 1,750 | 0 | | | | |
| 0227 | CLASP II | 2,904 | 2,257 | 647 | 647 | 0 | | | | |
| 0241 | EF5 I | 48,861 | 47,266 | 1,395 | 1,395 | 0 | | | | |
| 0248 | HS 2004 | 50,000 | 2,000 | 48,000 | 11,344 | 36,656 | 16,641 | 28,641 | 4,541 | 22,641 |
| | Field Support | | | | | | | | | |
| 0256 | EF5 II | 50,000 | 100 | 49,900 | 8,556 | 41,344 | 29,344 | 29,344 | 17,344 | 17,344 |
| 0259 | EDUCATION 2004 | 20,000 | | 20,000 | 2,185 | 17,615 | 12,615 | 12,615 | 7,615 | 7,615 |
| Strategic Objective 4 | | 63,452 | 30,452 | 8,000 | 8,300 | 43,700 | 34,200 | 34,200 | 23,700 | 25,200 |
| 0216 | Coffee | 6,152 | 4,652 | 1,500 | 1,500 | 0 | | | | |
| 0217 | PLUS | 32,300 | 25,800 | 6,500 | 6,500 | 0 | | | | |
| 0257 | ASSET 2000 | 45,000 | N/A | N/A | 1,300 | 43,700 | 34,200 | 34,200 | 23,700 | 25,200 |
| Total | | 563,386 | 254,991 | 221,191 | 89,480 | 208,891 | 129,676 | 146,676 | 58,222 | 92,075 |

N.B. Not including Program Development & Support (PD&S)

* Including \$300,000 obligated by Washington late FY 94

** Including \$2,700,000 obligated by Washington late FY 94

*** ICITAP LOP funding based on cumulative obligations (provided by ICITAP/Washington) and planned obligations FY 1996 through FY 1998

**** OTI planned obligations for FY 98 (\$4.190 million) has been included to show total support to SO 1/Democracy Objective

but is not part of the Mission OYB

***** PRET (poverty reduction activities planned at \$50 million, not approved yet)

GOVERNMENT SALARY PAYMENTS

Question. Do any of the past, current, or proposed USAID or Department of State projects/programs for Haiti include any nonproject funds, or do any of the projects/programs result in the payment (directly or indirectly) of salaries or benefits for employees of either the Haitian government or government-owned enterprises? If so, please describe the nature of the support and the funds used or proposed for such purposes (by project).

Answer. In general, it is contrary to USAID policy to provide funds directly to pay the salaries of government employees. In Haiti, we have adhered to this policy and intend to do so in the future.

We have told President Preval that we are prepared to use up to \$15 million of FY 1996 funds for budgetary support purposes, provided that the Government of Haiti signs a letter of intent to pursue an International Monetary Fund (IMF) three-year Enhanced Structural Adjustment Facility and the International Financial Institutions inform us that no other funding sources are available to meet the IMF-mandated gap-filling requirements. The eligible uses of such funding have not been discussed, but would be described fully in our notification to the Congress in the event we decide to proceed with such re-programming of funds.

We also told President Preval that we are prepared to assist with re-training workers dismissed as a result of privatization or civil service reform efforts. However, we do not expect to provide either salaries or direct benefits to these workers.

Some local currency generated through the PL-480 Title III program, and co-managed with the Government of Haiti, is being used to pay salaries of government employees working in the PL-480 Management Office. This office was established by the Government of Haiti for the sole purpose of managing the U.S. PL-480 program and is subject to an annual audit by USAID. It has an annual operating budget of \$1 million for the salaries of 38 employees and other office expenses. The salaries paid are agreed to by USAID and, with the exception of one position, are for contract employees selected on a competitive basis.

U.S. ASSISTANCE SINCE 1945

Question. To date, what is the total amount of United States assistance provided to Haiti since 1945? Please provide a breakdown by food assistance, other humanitarian assistance, development assistance (excluding grants), cash grants/balance of payments support, and other. Please provide a similar list for non-U.S. assistance, including support from international financial institutions.

Answer. The total amount of U.S. economic assistance provided to Haiti since 1946 is approximately \$1.383 billion. Of this amount, \$857 million was provided for development assistance in the form of both loans and grants. Food assistance, in the form of loans, emergency relief and assistance by voluntary relief agencies comprised \$508 million. The remaining funds, approximately \$18 million, were provided in the form of grants to the Peace Corps and other economic assistance.

From 1960 to 1995, bilateral donors other than the United States provided approximately \$867 million in economic assistance to Haiti. Support from multilateral institutions totalled approximately \$1.0 billion during this same period.

The attached tables provided addition specific information.

1995 USAID Budget for Haiti- Actuals

| | FY 95 ACTUALS DAF | FY 95 ACTUALS ESF | FY 95 P.L. 480 |
|---|-------------------------|-------------------------|-------------------|
| HUMANITARIAN ASSISTANCE | | | |
| Program Development and Support | 45 | | |
| Private Sector Family Planning | 6,442 | | |
| Incentives to Improve Primary Education | 3,964 | | |
| Vol Ags for Child Survival | 4,773 | | |
| Integrated Family Health | 2,000 | | |
| Expanded Urban Health Services* | 2,805 | | |
| Awareness and Prevention of Drug Abuse | 300 | | |
| AIDS Control | 2,000 | | |
| CLASP II | 164 | | |
| Enhancing Food Security/Safeguard | 5,391 | 4,800 | |
| Health Systems 2004* | 2,000 | | |
| Enhancing Food Security II* | 100 | | |
| P.L. 480 Title II | 0 | | 25,863 * |
| P.L. 480 Title II (Emergency) | 0 | | 16,480 |
| P.L. 480 Title III | 0 | | 10,000 |
| SUB-TOTAL | 29,964 | 4,800 | 52,343 |
| RECONSTRUCTION ASSISTANCE | | | |
| Program Development and Support | 350 | | |
| Coffee Revitalization | 635 | | |
| Provincial Enterprise Development | 189 | | |
| PRET | 3,000 | | |
| Targeted Watershed Management | 970 | | |
| Microenterprise Innovation | 100 | | |
| Productive Land Use Systems Project | 3,030 | | |
| Environmental Assistance Package | 0 | | |
| SUB-TOTAL | 8,274 | 0 | 0 |
| OTHER | | | |
| Program Development and Support | 545 | | |
| Policy and Administrative Reform | 2,597 | | |
| Democratic Enhancement | 6,037 | 500 | |
| Administration of Justice | 7,447 | | |
| Office of Transition Initiative | 10,278 | | |
| Elections Support | 3,800 | 5,700 | |
| ICITAP | | 27,019 | |
| SUB-TOTAL | 30,706 | 33,219 | 0 |
| BALANCE OF PAYMENTS | | | |
| Economic Recovery | 0 | 15,000 | |
| Emergency Balance of Payment Sup. Prog. | 0 | 30,000 | |
| SUB-TOTAL | 0 | 45,000 | 0 |
| MISSION TOTAL | 68,962 | 83,019 | 52,343 |
| | FY 95 | | |
| Humanitarian Assistance | 159,324 | | |
| Balance of Payment & Economic Support | 30,000 | | |
| Assistance for IFI Arrearages | 15,000 | | |
| TOTAL | 204,324 | | |
| * Includes funds managed by the World Food Program. | | | |

COUNTRY: MALI 9
 (U.S. FISCAL YEARS - MILLIONS OF DOLLARS)

| PROGRAM | U.S. OVERSEAS LOANS AND GRANTS-OBLIGATIONS AND LOAN AUTHORIZATIONS | | | | FOREIGN ASSISTANCE ACT | | | | TOTAL LOANS PRINCIPAL AND PAYMENT BALANCES | | | | OUT-STANDING BALANCE 1946-94 |
|-------------------------------------|--|----------------------------------|------------------------------------|---------|------------------------|------|------|------|--|---------|---------|---------|------------------------------|
| | POST-WAR RELIEF PERIOD 1946-48 | MARSHALL PLAN ACT PERIOD 1949-52 | MUTUAL SECURITY ACT PERIOD 1953-61 | 1962-90 | 1991 | 1992 | 1993 | 1994 | 1962-94 | 1946-94 | 1946-94 | 1946-94 | |
| I-ECONOMIC DEVELOPMENT | | | | 786.8 | 1170 | 1007 | 1007 | 1007 | 307.9 | 307.9 | 307.9 | 94.7 | |
| LOANS | | | | 156.2 | 318 | 318 | 318 | 318 | 100.0 | 100.0 | 100.0 | 15.3 | |
| GRANTS | | | | 630.6 | 852 | 689 | 689 | 689 | 207.9 | 207.9 | 207.9 | 79.4 | |
| A-USAID AND PREDECESSOR | | | | 460.6 | 50.7 | 31.1 | 47.3 | 62.7 | 652.4 | 675.0 | 675.0 | 5.6 | |
| LOANS | 0.7 | 52.1 | | 26.5 | | | | | 21.1 | | | 5.6 | |
| GRANTS | 0.7 | 46.3 | | 34.1 | | | | | 62.9 | | | 5.6 | |
| (SEC. 309P-ASSIST.) | | | | 119.4 | 12.3 | 4.3 | 24.0 | 56.7 | 196.9 | 214.2 | | | |
| B-FOOD FOR PEACE | | | | 313.3 | 29.1 | 19.6 | 41.6 | 42.7 | 446.1 | 414.0 | | | |
| LOANS | | | | 129.7 | | | | | 129.7 | 86.7 | | 86.7 | |
| GRANTS | | | | 83.6 | 29.1 | 19.6 | 41.6 | 42.7 | 316.4 | 325.3 | | | |
| TITLE I-TOTAL | | | | 129.7 | | | | | 129.7 | 86.7 | | 86.7 | |
| PAY. IN FOR. CURR. | | | | 129.7 | | | | | 129.7 | 86.7 | | 86.7 | |
| TITLE II-TOTAL | | | | 183.6 | 8.5 | 19.6 | 21.6 | 27.7 | 260.8 | 269.7 | | | |
| E-RELIEF, EC, DEV & WFP | | | | 43.9 | 1.8 | 0.8 | 2.9 | 8.7 | 58.0 | 61.5 | | | |
| VOL. RELIEF AGENCY | | | | 139.7 | 6.7 | 18.8 | 18.5 | 19.0 | 202.8 | 208.2 | | | |
| TITLE III | | | | 5.4 | 20.6 | | 20.0 | 15.0 | 55.6 | 55.6 | | | |
| C-OTHER ECON. ASSIST. | 1.4 | 1.6 | | 12.9 | 1.5 | 0.3 | 0.7 | 0.6 | 16.0 | 18.9 | | 0.2 | |
| LOANS | 0.2 | 0.1 | | | | | | | | | | 0.2 | |
| GRANTS | 1.2 | 1.5 | | 12.9 | 1.5 | 0.3 | 0.7 | 0.6 | 16.0 | 18.7 | | | |
| PEACE CORPS. | | | | 5.2 | 1.0 | 0.3 | | | 6.5 | 6.5 | | | |
| MARCOCCIS | | | | | | | | | | | | | |
| OTHER | 1.2 | 1.5 | | 7.7 | 0.4 | | 0.6 | 0.6 | 9.5 | 12.2 | | | |
| II-INTERNATIONAL DEVELOPMENT | | | | 0.6 | 0.6 | | | | 15.3 | 15.3 | | 2.1 | |
| LOANS | 0.9 | | | 0.6 | 0.6 | | | | 2.1 | 2.1 | | 2.1 | |
| GRANTS | 0.9 | | | 0.6 | 0.6 | | | | 13.2 | 13.2 | | | |
| A-MAP GRANTS | | | | 3.3 | | | | | 3.3 | 3.7 | | | |
| B-CREDIT FINANCING | | | | 2.1 | | | | | 2.1 | 2.1 | | | |
| C-INTL. MIL. ED. TRNG. | | | | 0.5 | 0.3 | | | | 4.2 | 4.5 | | | |
| D-TRAN-EXCESS STOCK | | | | 0.2 | | | | | 0.2 | 0.2 | | | |
| E-OTHER GRANTS | | | | 0.8 | 1.5 | | | | 2.0 | 2.8 | | | |
| III-TOTAL ECON. DEV. | | | | 786.6 | 1170 | 1007 | 1007 | 1007 | 307.9 | 307.9 | | 94.7 | |
| LOANS | | | | 156.2 | 318 | 318 | 318 | 318 | 100.0 | 100.0 | | 15.3 | |
| GRANTS | | | | 630.4 | 852 | 689 | 689 | 689 | 207.9 | 207.9 | | 79.4 | |
| OTHER US LOANS | | | | 14.0 | 11.0 | 9.5 | | | 9.5 | 13.3 | | 9.7 | |
| FOR FOR. LOANS | | | | 14.0 | 11.0 | 3.1 | | | 3.1 | 30.2 | | 8.6 | |
| ALL OTHER | | | | 6.4 | | | | | 6.4 | 4.5 | | 1.1 | |

* LESS THAN \$50,000.
 ** VALUES IN THESE COLUMNS ARE NET OF DEBITATIONS AND CANCELLATIONS.
 *** INCLUDES CAPITALIZED INTEREST ON PRIOR YEAR LOANS.
 § INCLUDES PRE JANUARY 1, 1991, P.L. 480 TITLE III. ¶ INCLUDES POST-JANUARY 1, 1991, P.L. 480 TITLE III.

§ SEE COMMENTS IN COUNTRY NOTES SECTION
 ¶ SEE GENERAL NOTES-REPORTING CONCEPTS

HAITI
 Total Net ODA, 1960-1994
 Source: OECD DAC Public Data Base, 1995
 Millions of US Dollars

Bi-Lateral Donors, Excluding the United States

| DONOR | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | FY 1984-AUG95* | Total per Donor 1960-AUG 1995 |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------------------------|
| AUSTRALIA | | 0.04 | 0.01 | 0.04 | 0.06 | | | | | | | | | 0.17 |
| AUSTRIA | 0.01 | | | | 0.01 | 0.02 | 0.01 | 0.01 | 0.03 | 0.04 | 0.01 | | | 0.26 |
| BELGIUM | 1.96 | 1.49 | 1.53 | 2.60 | 2.30 | 1.94 | 1.94 | 2.11 | 1.99 | 3.61 | 3.14 | 1.30 | | 34.39 |
| CANADA | 11.42 | 8.00 | 6.04 | 4.72 | 6.90 | 5.89 | 9.14 | 10.39 | 12.77 | 9.40 | 14.63 | 14.90 | 20.20 | 184.77 |
| DENMARK | | | | | | 1.18 | | | | | 0.06 | 0.10 | | 1.38 |
| FINLAND | | | | | | | | | 0.02 | | | | | 0.12 |
| FRANCE | 6.24 | 6.89 | 20.63 | 14.44 | 19.75 | 20.50 | 27.50 | 31.78 | 37.12 | 18.58 | 16.53 | 14.90 | 9.40 | 232.39 |
| GERMANY | 12.36 | 8.37 | 7.87 | 10.46 | 11.29 | 11.63 | 14.44 | 13.35 | 8.22 | 4.52 | 3.64 | 1.50 | | 161.12 |
| ITALY | 0.01 | 0.44 | 0.07 | 1.66 | 0.06 | 1.95 | 0.94 | 0.54 | 0.35 | | 0.08 | | | 6.46 |
| JAPAN | 1.63 | 1.42 | 6.32 | 4.32 | 10.12 | 15.00 | 11.16 | 2.75 | 6.43 | 0.16 | 0.09 | 0.40 | 19.90 | 91.92 |
| LUXEMBOURG | | | | | | | | | 0.06 | 0.02 | 0.16 | 0.30 | | 0.61 |
| NETHERLANDS | 1.45 | 1.6- | 1.64 | 1.10 | 0.84 | 1.36 | 1.42 | 1.42 | 1.61 | 2.02 | 0.84 | 4.90 | 2.00 | 32.32 |
| NORWAY | | | | | 0.01 | 0.05 | 0.48 | | 0.07 | 0.15 | 0.10 | 1.40 | | 2.88 |
| SPAIN | | | | | | | 0.01 | 0.71 | 0.02 | 0.02 | 0.01 | 0.40 | 1.00 | 2.17 |
| SWEDEN | | | | | 0.11 | 0.21 | 0.26 | 0.35 | 0.13 | 0.15 | 0.22 | 1.90 | 1.00 | 4.38 |
| SWITZERLAND | 2.02 | 0.84 | 2.61 | 2.47 | 3.50 | 2.15 | 3.67 | 3.71 | 2.73 | 2.00 | 0.86 | 13.50 | 12.30 | 66.71 |
| UNITED KINGDOM | 0.03 | 0.01 | | | 0.49 | 0.01 | 0.02 | | 0.04 | 0.29 | 0.19 | 0.50 | | 1.91 |
| Yearly Total | 33.30 | 23.69 | 44.89 | 43.46 | 64.56 | 60.40 | 79.80 | 87.10 | 75.50 | 38.90 | 33.90 | 64.10 | 68.30 | 967.28 |

| | | | | | | | | | | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|-------------|------------|-------------|----------------|
| EDF | 2.10 | 5.14 | 4.05 | 4.33 | 4.49 | 3.90 | 20.77 | 10.50 | 12.85 | 12.56 | 9.86 | 13.80 | | 182.83 |
| IDB | | | | | | | | | | | | | | 63.18 |
| IDA | 25.84 | 26.92 | 21.81 | 25.96 | 45.59 | 19.00 | 10.00 | 12.00 | 8.00 | 0.16 | -0.01 | | | 278.87 |
| IDB SPECIAL ORPER. FUND | 14.68 | 16.15 | 10.70 | 3.12 | 2.43 | 5.77 | 9.89 | 11.66 | 6.66 | 0.47 | 0.03 | -15.50 | | 184.83 |
| IFAD | 0.79 | 2.25 | 3.81 | 2.60 | 4.23 | 2.12 | 2.91 | 3.92 | 1.06 | -0.62 | 0.97 | | | 24.90 |
| IMF TRUST FUND | -0.57 | -1.87 | -3.18 | | | | | -0.80 | -0.10 | | | -7.80 | | 36.96 |
| OPEC TOTAL MULTI-DONOR | 1.36 | 0.44 | 0.06 | 1.37 | -0.55 | -0.19 | -0.59 | -0.48 | -1.11 | | | | | 7.86 |
| UN TOTAL | | | | | | | | | | | | | | 6.41 |
| UNDP | 5.34 | 4.80 | 4.06 | 5.73 | 5.83 | 7.97 | 8.62 | 11.93 | 7.23 | 3.58 | 4.87 | 2.30 | 1.80 | 117.20 |
| UNEPA | 0.28 | 0.91 | 0.91 | 0.56 | 0.32 | 0.50 | 0.35 | 0.68 | 0.70 | 0.28 | 0.71 | 0.90 | | 10.66 |
| UNHCR | | | | | | 0.15 | 0.16 | 0.13 | 0.14 | 0.48 | 0.26 | 0.90 | | 2.22 |
| UNICEF | 1.40 | 1.15 | 1.60 | 1.74 | 1.54 | 2.15 | 2.86 | 2.16 | 2.60 | 2.85 | 4.36 | 4.70 | | 38.41 |
| UNTA | 0.67 | 0.70 | 0.60 | 0.50 | 0.99 | 0.43 | 0.52 | 0.52 | 0.93 | 0.42 | 0.78 | 0.50 | | 12.41 |
| WORLD FOOD PROGRAM | 1.16 | 2.37 | 0.66 | 2.36 | 2.78 | 2.78 | 3.85 | 1.72 | 0.63 | 3.28 | 3.69 | 2.00 | | 62.19 |
| OTHER UN | 1.22 | 1.04 | 0.90 | 0.62 | 0.45 | 0.70 | 1.56 | 1.09 | 2.68 | 1.19 | 2.47 | 2.00 | | 33.92 |
| Yearly Total | 64.3 | 63.3 | 60.3 | 62.3 | 68.1 | 41 | 68.3 | 64.3 | 42.3 | 24.7 | 27.1 | 4.3 | 5.40 | 1008.45 |

* The World Bank, estimate as of August 1995.

HAITI
Total Net ODA, 1960-1994
Source: OECD, DAC Public Data Base, 1995
Millions of US Dollars

Bi-Lateral Donors, Excluding the United States

| DONOR | 1971 | 1972 | 1973 | 1974 | 1976 | 1976 | 1977 | 1978 | 1978 | 1980 | 1981 | 1982 |
|---------------------|-------------|-------------|-------------|-------------|--------------|------|--------------|--------------|--------------|--------------|--------------|--------------|
| AUSTRALIA | | | | | | | | | | | | |
| AUSTRIA | | | | | 0.03 | | 0.02 | 0.02 | 0.01 | 0.01 | | 0.01 |
| BELGIUM | 0.01 | 0.04 | 0.52 | 0.57 | 0.87 | | 1.03 | 1.56 | 2.31 | 1.62 | 1.40 | 1.67 |
| CANADA | | | 0.04 | 1.12 | 2.51 | | 3.54 | 8.28 | 7.97 | 5.37 | 7.62 | 9.20 |
| DENMARK | | | | | | | | | | | | |
| FINLAND | | | | | | | | | | | | |
| FRANCE | | | | 1.89 | 8.99 | | 2.00 | 2.35 | 1.23 | 7.30 | 6.29 | 4.28 |
| GERMANY | 0.24 | 0.80 | 0.30 | 0.39 | 0.84 | | 3.41 | 9.18 | 7.22 | 8.98 | 7.60 | 12.21 |
| ITALY | | | 0.02 | 0.01 | 0.01 | | 0.03 | 0.04 | 0.03 | 0.05 | 0.03 | |
| JAPAN | | | | | | | 0.01 | | 0.01 | 2.24 | 1.60 | 5.94 |
| LUXEMBOURG | | | | | | | | | | | | |
| NETHERLANDS | | 0.03 | 0.10 | 0.29 | 0.81 | | 0.46 | 1.23 | 1.47 | 1.93 | 1.56 | 1.59 |
| NORWAY | | | | | | | 0.02 | | | 0.01 | | |
| SPAIN | | | | | | | | | | | | |
| SWEDEN | | | | | | | | | | | | |
| SWITZERLAND | 0.04 | 0.08 | 0.04 | 0.08 | 0.12 | | 0.09 | 0.12 | 0.11 | 0.17 | 0.29 | 0.87 |
| UNITED KINGDOM | | 0.01 | 0.01 | 0.01 | 0.08 | | 0.07 | 0.03 | 0.01 | 0.01 | 0.06 | 0.01 |
| Yearly total | 0.29 | 0.96 | 1.03 | 4.38 | 13.83 | | 14.10 | 11.80 | 22.80 | 20.50 | 27.50 | 38.70 |

| | | | | | | | | | | | | | |
|------------------------|-------------|-------------|-------------|-------------|--------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EDF | 0.05 | 0.01 | | 0.40 | 2.10 | | 0.65 | | 1.66 | 0.35 | 0.67 | 0.29 | 0.15 |
| I.D.B. | | | | | | | | | | | | | |
| IDA | | | | 0.91 | 9.40 | | 15.70 | 13.70 | 7.43 | 8.18 | 13.63 | 15.88 | 17.97 |
| IDB SPECIAL OPER. FUND | 0.17 | -0.28 | -0.02 | 0.78 | 14.81 | | 15.65 | 21.28 | 16.93 | 15.85 | 8.89 | 10.00 | 12.46 |
| IFAD | | | | | | | | | | | 0.55 | 0.28 | 0.25 |
| IMF TRUST FUND | | | | | | | | 2.37 | 7.39 | 7.37 | 6.38 | 0.12 | -0.11 |
| OPEC TOTAL MULTI DONOR | | | | | | | | 3.15 | | | 1.28 | 1.88 | |
| UN TOTAL | | | | | | | | | | | | | |
| UNDP | 0.69 | 1.32 | 1.75 | 1.14 | 2.23 | | 2.77 | 2.26 | 2.92 | 6.48 | 6.63 | 6.72 | 7.22 |
| UNFPA | | | | | | | | 1.30 | | 0.75 | 0.95 | 0.99 | |
| UNHCR | | | | | | | | | | | | | |
| UNICEF | 0.30 | 0.35 | 0.18 | 0.22 | 0.49 | | 0.12 | 0.54 | 1.48 | 0.69 | 0.72 | 0.76 | 0.74 |
| UNTA | 0.16 | 0.24 | 0.69 | 0.57 | 0.19 | | 0.22 | 0.17 | 0.33 | 0.46 | 0.25 | 0.78 | 0.46 |
| WORLD FOOD PROGRAM | 0.44 | 0.13 | 0.16 | 0.28 | 2.31 | | 3.07 | 1.77 | 3.15 | 2.96 | 2.63 | 2.14 | 5.38 |
| OTHER UN | 0.5 | 0.09 | 0.38 | 0.59 | 3.16 | | 1.45 | 1.52 | 1.76 | 1.83 | 1.23 | 0.73 | 1.37 |
| Yearly total | 1.98 | 1.98 | 3.14 | 4.89 | 34.49 | | 39.60 | 48.70 | 43.10 | 44.20 | 42.30 | 38.90 | 48.00 |

HAITI
Total Net ODA, 1960-1994
Source: OECD, DAC Public Data Base, 1995
Millions of US Dollars

Bi-Lateral Donors, Excluding the United States

| DONOR | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
|-------------------------|-------|-------|-------|------|-------|------|-------|-------|------|------|------|
| AUSTRALIA | | | | | | | | | | | |
| AUSTRIA | | | | | | | | 0.02 | | | |
| BELGIUM | | | | | | | 0.02 | 0.02 | 0.02 | 0.04 | 0.02 |
| CANADA | | | | | | | | | | | |
| DENMARK | | | | | | | | | | | |
| FINLAND | | | | | | | | | | | |
| FRANCE | | | | | | | | | | | |
| GERMANY | | | 0.01 | 0.01 | 0.27 | 0.30 | 0.19 | 0.28 | 0.23 | 0.23 | 0.19 |
| ITALY | | | | | 0.01 | 0.01 | | | 0.01 | 0.01 | |
| JAPAN | | | | | | | 0.00 | | | | |
| LUXEMBOURG | | | | | | | | | | | |
| NETHERLANDS | | | | | | | | | | | |
| NORWAY | | | | | | | | | | | |
| SPAIN | | | | | | | | | | | |
| SWEDEN | | | | | | | | | | | |
| SWITZERLAND | | | | 0.01 | | 0.02 | 0.01 | 0.07 | 0.04 | 0.06 | 0.03 |
| UNITED KINGDOM | | | | 0.01 | | | 0.01 | 0.01 | | | |
| Yearly Total | | | 0.01 | 0.03 | 0.28 | 0.33 | 0.24 | 0.39 | 0.30 | 0.34 | 0.24 |
| EDF | | | | | | | | | | | 0.03 |
| I.D.B. | | | -0.62 | 0.17 | -0.10 | 0.13 | -0.31 | -0.66 | | | |
| IDA | | | -0.30 | 0.30 | -0.30 | | | | | 0.90 | 1.01 |
| IDB SPECIAL ORPER. FUND | | | | | | | | | | | |
| IFAD | | | | | | | | | | | |
| IMF TRUST FUND | | | | | | | | | | | |
| OPEC TOTAL MULTI DONOR | | | | | | | | | | | |
| UN TOTAL | 0.36 | 0.51 | 0.69 | 0.81 | 1.03 | 1.17 | 0.92 | 0.92 | | 0.52 | 0.79 |
| UNDP | | | | | | | | | | | |
| UNFPA | | | | | | | | | | | |
| UNHCR | | | | | | | | | | | |
| UNICEF | | | | | | | | | | 0.22 | 0.36 |
| UNTA | | | | | | | | | | 0.03 | 0.04 |
| WORLD FOOD PROGRAM | | | | | | | | | | 0.03 | 0.25 |
| OTHER UN | | | | | | | | | | 0.19 | 0.16 |
| Yearly Total | -0.26 | -0.83 | -0.09 | 1.28 | 0.63 | 1.30 | 0.61 | 0.06 | 0.00 | 1.89 | 2.64 |

LOCAL CURRENCY ACCOUNTS

Question. Are there any trust fund or local currency accounts established with U.S. government funds in Haiti? If so:

- a. What are they?
- b. What are the balances?
- c. For what purposes can the funds be used?
- d. Can such funds be used for payment of salaries to Haitian government employees?

(If so, list such payments and the ministries to which such payments were made.)
 e. Do either USAID of the Department of State have any plans to monetize P.L. 480 commodities in the future and use the proceeds to pay the salaries of Haitian government employees.

Answer. USAID/Haiti does not have trust funds or other local currency accounts that have been established with U.S. Government funds.

a. & b. USAID/Haiti does have a local currency account which was established with funds generated from the sale of PL-480 Title III commodities. The balance in this account is approximately \$2.1 million. These funds were taken from the Government of Haiti by the United States when the defacto, military government was in power, and will be returned to the government's PL-480 Management Office during the next two months. These funds then will be jointly managed by the Government of Haiti and USAID.

In addition, USAID and the Government of Haiti jointly manage local currency generated from the sale of PL-480 Title III commodities, following the restoration of democratic government. As of the end of February 1996, the approximate undisbursed value of this local currency under joint management is \$17.6 million.

A balance of approximately \$1 million in local currency, which was made available under the USAID Emergency Balance of Payment Agreement, is set aside to support the International Organization for Migration (IOM) demobilization training program.

c. Local currency generated through the PL-480 Title II program can be used for development activities which enhance food security or rehabilitate productive infrastructure. All funds, except those used to support the Government of Haiti's PL-480 Management Office, have been used to support activities implemented by non-governmental organizations or by private sector contractors selected through competitive procedures.

Local currency made available under the current USAID balance of payments agreement can be used for general budget support for the Government of Haiti, the retirement of central government debt held by the Central Bank, and for financial management and audit costs. To date, funds have been used entirely for debt repayment (approximately \$37 million) and for the IOM demobilization training program (approximately \$3 million). In all cases, disbursements were consistent with established financial control and audit procedures. In this regard, the USAID Inspector General has audited government debt retirement and, in the case of the IOM program, a local CPA firm administers the funding.

d. Local currency co-managed with the Government of Haiti can be used to pay the salaries government employees, if financial management capabilities consistent with established accounting standards are in place. At this time, local currency is being used to pay salaries only of government employees working in the PL-480 Management Office. This office was established by the Government of Haiti for the sole purpose of managing the U.S. PL-480 program and is subject to an annual audit by USAID. It has an annual operating budget of \$1 million for the salaries of 38 employees and other office expenses. The salaries paid are agreed to by USAID and, with the exception of one position, are for contract employees selected on a competitive basis.

e. USAID intends to continue to monetize PL-480 Title III commodities and may monetize PL-480 Title III commodities. A portion of Title III local currency will be used to support the operating costs of the PL-480 Management Office; USAID has no intention at this time of paying any other government salaries.

We are not aware of any plans by the State Department to generate PL-480 local currency.

DOLE AMENDMENT

Question. In Conference with the Senate on the 1996 bill, we accepted a modified Dole amendment that would prohibit assistance to Haiti, except for humanitarian and electoral assistance, if the President could not certify that the Government of Haiti was thoroughly investigating extrajudicial and political killings. The amendment contained a waiver if the President determined it was in the national interest

of the United States or necessary to ensure the safe and timing (sic) withdrawal of American forces.

Before the ink was dry on our final conference agreement, Deputy Secretary Strobe Talbott invoked the waiver on aid to Haiti on February 6. There was little or no discussion with the Appropriations Committee on this issue.

Why was the waiver invoked? Couldn't it have been invoked on a case-by-case basis, rather than in such a sweeping fashion for the entire year? Wouldn't the use of the waiver on a case-by-case basis have allowed you to continue to pressure the Haitian government to bring political murderers to justice?

At the current time, could the President certify that the government is thoroughly investigating the two dozen political murders that are said to have occurred in the past two years?

Answer. As indicated in Assistant Secretary Watson's prepared testimony of March 21, 1996, it was necessary to utilize the waiver provisions of the Dole Amendment so soon after it became law in order to avoid the unintended consequences of terminating the training of basis police recruits an assistance to the Special Investigative Unit charged with pursuing the crime that are the subject of the Dole Amendment. Following consultation with Congressional staff, the Administration determined that a waiver for these purposes was appropriate. Based on advice of legal counsel, however, it was further determined that practice and precedent required that the waiver itself not be legally limited in scope of duration. Thus the Administration sought to manifest the continued applicability of the public policy set forth in the Dole Amendment in the formal memorandum of justification that accompanied the Acting Secretary's determination as well as in direct communications with the Government of Haiti.

Question. At the current time, could the President certify that the government is thoroughly investigating the two dozen political murders that are said to have occurred in the past two years?

Answer. Although investigations of some of the killings have begun, we cannot yet report that the Haitian government has met the Dole amendment standard of "thorough investigations." The Administration will report to the Congress in the near future on progress in these investigations.

PRIVATIZATION AND U.S. ASSISTANCE

Question. The United States has been withholding a grant of \$4.6 million to the government of Haiti for balance of payments support pending action on privatization and civil service reform. In addition, international financial institutions are withholding their planned assistance as well.

The Aristide government announced that it would privatize nine industries, including the electric company, the telephone company, a flour mill, a cement mill, the ports, the airport, two banks, and an edible oil plant. Bids were opened for the flour and cement mills, and then suspended; the same is true of bids for cellular telephone licenses. Meanwhile, vast amounts of government resources are used to pay for the operations of these industries. Indeed, the flour and cement mills have people on their payrolls even though they haven't operated since 1991.

Precisely, what actions on privatization will we require the Haitian government to take before we release the remaining \$4.6 mill? Will we get more than just a verbal commitment, which is all we got from the Aristide government? What "concrete" steps will we require, for example, in privatizing the cement mill?

Answer. The \$4.6 million in Balance of Payments support from our Fiscal Year 1995 assistance program for Haiti has not been disbursed, and will not be disbursed until the GOH meets the required conditionality on privatization and civil service reform. This is the last tranche of a total of \$45 million which the United States agreed to provide Haiti in FY 1995 in accordance with an agreement negotiated with the Government of Haiti in April of 1995.

In meetings with President Preval during his visit to the U.S. in March of this year, the conditionality for the release of these funds was reviewed and we assured the GOH that the funds would be released as soon as the GOH meets the conditionality. President Preval has assured us that the conditions would be met by early April.

Prior to the release of the \$4.6 million, we expect the privatization process to resume. This could be demonstrated by the review of bids already received for the cement plant and flour mill (or the implementation of an alternative program) and the submission of a draft plan for civil service reform.

POLICE/TRAINING

Question. The United States has been training a new Haitian police force of 5,000, as well as guards for Ministerial buildings in the capital. On March 6 a group of Haitian National Police and Ministerial Police entered a slum area of Port-au-Prince, allegedly to search for members of a crime gang. At least seven people were shot in this incident, including several in their homes in execution-style murders. No police were wounded, according to reports we have received.

Were the police involved in this incident trained by the United States?

Answer. Police trained by the U.S. were involved in the entry into Cite Soliel on March 6, but it is not yet determined if any U.S. trained police were involved in the excesses which took place.

With the exception of 43 officers who were trained in Canada prior to Aristide's return, the HNP rank and file officers have completed the four-month basic training course, which is funded by the United States and run by the Justice Department's International Civilian Training and Assistance Program (ICITAP). In addition, there are a small number of HNP supervisory personnel who are former officers in the Haitian Armed Forces or are civilian opponents of the GOH. These supervisors did not go through the four-month basic course, but some of the former military did go through an abbreviated two-week course before entering duty on the Interim Public Security Force, the temporary police which served while the HNP was being formed. A small number of the IPSF officers did subsequently become HNP supervisory personnel, although they did not receive any addition training.

As for the Ministerial Guard Force, many of these personnel were recruited from among Haitian migrants at the U.S. Naval Base at Guantanamo, Cuba. They were given approximately three weeks basic training organized by ICITAP designed to enable them to assist the Multinational Forces in carrying out their duties. They were not trained to be policemen, but had training that would enable them to serve temporarily as traffic police, and later as static guards and watchmen for Government of Haiti offices. Many of the Guantanamo trainees went through the same two-week training cycle several times while waiting for assignment back in Haiti.

In addition to the Guantanamo recruits, the Ministerial Security Guards now include individuals who were not selected by processes involving the USG. We believe, for example, that the head of the group that participated in the March 6 event is a former Haitian military officer, and it is unclear whether those accompanying him were from Guantanamo.

Question. Are the members of the police force and the Ministerial Police properly screened before being hired?

Answer. Yes. HNP cadets were subjected to a rigorous selection process designed to be totally apolitical and merit-based. During testing and selection conducted by Government of Haiti and ICITAP joint teams, candidates' files were designated only by number and selection was based on anonymous test score results to eliminate any chance of favoritism.

Haitian National Police candidates were also screened against criminal records. Names were crossed-referenced against lists of known human rights abusers developed by the UN/OAS human rights organization and the International Civilian Mission over the course of its two years in-country. Any candidate who appeared on the list was automatically excluded from further consideration.

The Guantanamo police trainees were originally destined to provide assistance to the troops of the Multinational Force (MNF). They were interviewed and selected at U.S. Government initiative by representatives of the then-exiled Government of Haiti working with DOD, JCS and State Department personnel. The U.S. and Haitian delegations established a written and oral interview procedure designed specifically to weed out, among other things, individuals who had held positions of influence with any political party or had previously been affiliated with any paramilitary group. Moreover, U.S. personnel assigned to the U.S. delegation worked to ensure that political orientation was not a selection criterion. Although the Guantanamo camp population did not represent a proportionate cross-section of political thought in Haiti, the fact that the U.S. retained (and often exercised) the right to veto selection of any applicant worked to prevent selection of trainees on the basis of political loyalty. The Department of Defense representative who headed the U.S. team advises that each trainee was finally approved by him and the Haitian consul to Miami who headed the Haitian team.

Question. Are you concerned that if incidents like this continue, we will merely be trading one set of thugs for another in Haiti?

Answer. This incident is being investigated by the new leadership of the Haitian National Police and other authorities in the Haitian government. The HNP Inspector General, an officer well-respected by U.S. authorities has already issued an ini-

tial report on the incident. His initial report recommends the restructuring of the Ministerial Security Guards to ensure that they are confined to activities within their legal jurisdiction commensurate with their training and experience, and continuation of the investigation to establish personal responsibility for what the Inspector General determined were summary executions of persons in Cite Soleil. The leadership of the police, and of the Haitian Government itself, appears to be giving full support to this effort to deal with the Cite Soliel incident in a thorough and responsible fashion.

Over the longer term, there are several things which are essential if the Haitian National Police are to learn from incidents of this kind and to avoid them in the future. First, there must be a determination of the part of the Haitian Government that it wants to have a professional, merit-based police force, not one based on political loyalty. Second, the Haitian Government needs to recruit, appoint and train supervisors for the HNP through a merit-based system based on objective criteria, and not political loyalty. Finally, the Government will have to provide a high level of continued training and support to the HNP for it to mature and develop. Based on our discussions with President Preval's government, we believe that he and the leadership of the police understand and support these concepts and are prepared to act on them. Even so, it will take many months of concerted effort by the Government of Haiti and the United States, working together, to mold the HNP into a capable, professional force. There will undoubtedly be more incidents where HNP personnel make mistakes. But, we believe that the concepts and policies which the U.S. and Haiti are now pursuing hold the promise over the long term of creating an effective police force.

BALANCE OF PAYMENTS SUPPORT

Question. I understand that the United States will offer President Preval of Haiti an additional \$15 million in balance of payments support under the following conditions:

1. Haiti must reach an agreement with the International Monetary Fund on economic restructuring;
2. Haiti must comply with the conditions set forth in the Dole amendment; and
3. Congress must concur.

Is this correct? Where would the Administration propose that the \$15 million be derived from? Will privatization of the economy be a condition for the assistance? What definite steps must be taken in this regard before the funds are released?

Answer. In his meeting with President Preval, President Clinton assured President Preval that the U.S. would make available \$15 million in budget support once the GOH signs a letter of intent with the International Monetary Fund (IMF) to pursue an economic reform program and the international financial institutions (IFIs) inform us that no other funding source is available. This money would come from the Administration's existing FY 1997 funding request of approximately \$85 million of Haiti. Privatization is expected to be an element of any agreement with the IFIs and as such, would be a precondition for the disbursement of these funds.

FBI INVESTIGATIONS OF POLICE KILLINGS

Question. Last year President Clinton offered Haitian President Aristide the services of the Federal Bureau of Investigations to help track down the killers of two political opponents of Aristide. Haiti accepted our offer of assistance, and the FBI sent several agents to investigate these murders.

From testimony given by FBI officials to the House International Relations Committee, it is apparent that Haitian officials blocked attempts to conduct a thorough investigation. As was stated in that testimony, "... the FBI experienced significant investigative difficulties because of its inability to interview Government of Haiti officials and employees, including some members of the (police force) and the Palace Security Service on terms consistent with an impartial, professional investigation."

1. Is this true?
2. What is the current status of efforts to investigate these and other political killings?
3. Are any units of the U.S. government involved in these investigations, or are we relying on a Haitian government that has proven it does not want to bring these killers to justice?

Answer. I would refer you to the testimony of William E. Perry, Deputy Assistant Director of the FBI, presented before the House Committee on the Judiciary, Subcommittee on Crime on January 31, 1996. In his remarks, Mr. Perry stated in part, that the FBI encountered difficulties and major obstacles at the inception and throughout the investigation because of the investigation's unusual nature and

other uncontrollable circumstances. The FBI investigating a violation of foreign law. The investigation was conducted in a foreign country and in a foreign language. Moreover, the investigation was commenced at a time when the criminal justice system in Haiti had not functioned effectively for years.

Traditional investigative resources typically relied upon by the FBI are not readily available in Haiti, for example, public source information and automated vehicle registration information. The FBI had greater difficulty interviewing witnesses than it would in the United States because of the language barrier and cultural differences.

As a result of investigative efforts, particularly source information of unknown reliability, the FBI expressed to the Government of Haiti the likelihood that it would be necessary to interview government of Haiti officials and employees including cabinet members. In early June 1995, FBI Agents interviewed various IPSF members. Subsequently, the FBI experienced significant investigative difficulties because of its inability to interview Government of Haiti officials and employees, including some members of the IPSF and the Police Security on terms consistent with an impartial, professional investigation.

Question. What is the current status of efforts to investigate these and other political killings?

Answer. Last October, the Haitian government established a "Special Investigative Unit" (SIU) within the Haitian National Police to look into 88 notorious homicides which have occurred in Haiti since the 1980's. Sixteen of these cases have been accorded priority by the government.

The SIU has gotten off the ground slowly, but it is now actively working on a small number of the priority cases.

In conducting its investigations, the SIU is receiving assistance from the human monitors of the UN/OAS International Civilian mission, UN Civilian Police and two American law enforcement experts who are attached to the SIU.

The FBI is prepared to provide technical assistance, such as evaluating ballistic and forensic evidence.

On December 21, 1995, the FBI briefed the SIU about the results of its investigation into the Bertin killings. As the SIU continues this investigation, following up on the FBI's findings, we envision that the American experts attached to the SIU will help facilitate requests from the SIU to the FBI for additional information obtained by the FBI during the course of its investigation, including possible connections between the Bertin killing and others.

Question. Are any units of the U.S. Government involved in these investigations, or are we relying on a Haitian government that has proven it does not want to bring these killers to justice?

Answer. As was stated above, the FBI is prepared to provide assistance with forensic evidence, and on December 21, 1995, the FBI provided the SIU with the results of its investigation into the March 28, 1995, killing of prominent lawyer and Aristide opponent Mireille Durocher Bertin.

U.S. FUNDS TO HAITIAN SECURITY FORCES

Question. "Have any U.S. government employees or contractors been used to provide security services to the President of Haiti or any officials of the Haitian government? If so, please provide the total U.S. funds used in each of the fiscal years 1994, 1995, 1996, and the sources of these funds."

Answer. Following President Aristide's return to Haiti, U.S. government employees and contractors were used to provide security services to former President Aristide and current President Preval. Personnel from the Department's Bureau of Diplomatic Security have worked directly with the Haitian Government's Presidential Security Unit, providing advice and on-the-job training. The Foreign Assistance Act of 1961, Section 607, provides the legal authority to provide reimbursable assistance. Listed below are the total funds and sources of funds either used or recorded to date in fiscal years 1994, 1995 and 1996:

| Funding Source | FY 1994 | FY 1995 | FY 1996 ¹ |
|--|----------|------------------|----------------------|
| Economic Support Fund | 0 | \$1,081,000 | 0 |
| Economic Support Fund ² | 0 | 2,020,000 | \$620,000 |
| Peacekeeping Operations | 0 | 763,000 | 0 |
| Diplomatic and Consular Prog. | 0 | 274,000 | 0 |
| Total | 0 | 4,138,000 | 620,000 |

¹ Recorded to date in FY 1996.

² To be reimbursed by the Government of Haiti. Currently, \$2,090,000 of these funds have been reimbursed to the U.S. government.

Note: Not included are amounts spent by the U.S. Secret Service protecting former President Aristide before he returned to Haiti in October 1994. Suggest you contact the Department of Treasury for this information.

Question. Have any U.S. government funds (or local currencies generated by U.S. funds) been used to pay any Haitian government officials in connection with security services provided to the President of Haiti or any of his officials in the fiscal years 1994, 1995 and/or 1997? If so:

a. List the total payments made (by fiscal year) and the appropriate accounts from which such payments are derived.

b. The individuals receiving such payments, and their positions within the Haitian government.

c. Describe the legal authority allowing such payments.

Answer. No U.S. government funds have been used to pay any Haitian government officials in connection with security services provided to the President of Haiti or any of his officials.

Questions for the Record Submitted by Representative Jim Lightfoot

MISSION GOALS

Question. In a recent article in *Foreign Affairs*, Michael Mandelbaum states the Administration's success in Haiti is bound to be "provisional, fragile and reversible" because the Administration failed to ask for, or receive, popular or political support at home. In invading Haiti, the Administration established long term goals which are inconsistent with the short term mission the Administration promised Congress and the country.

In reading the various human rights reports about Haiti, I am struck by the accuracy of that observation. It appears to me that 18 months and \$3 billion later we have replaced a right wing military government with a government which has somewhat more respect for human rights than its predecessors but is still probably not above execution style killings of political enemies. The Clinton installed government also does not seem to know how to rebuild its economy

Bottom line: do you think the Administration's goals in Haiti, to restore Aristide, create democracy and lift up the country's economic system, are compatible with the President's need and the nation's demand for a short term mission?

Answer. The Administration calculated that the need for UN peacekeeping operations in Haiti would be relatively short, and that the need for U.S. forces as part of these peacekeeping operations would be even shorter. U.S. forces entered Haiti on September 15, 1994. By the middle of April 1996, virtually all of our forces will have departed Haiti. The UN peacekeeping mission has shrank from a high of 23,000 troops shortly after our forces entered Haiti, to a current level of under 2500. The mandate of the current UN peacekeeping force ends at the end of June.

Although President Preval has not yet requested formally a continuation of international presence in Haiti, it is likely that nay follow-on force will grow smaller still. In sum, the peacekeeping operations in Haiti were envisioned from the start as a short-term proposition, and this has not changed. The object remains to get the Haitian government to assume responsibility for maintaining secure and stable conditions as soon as possible. We remain on that track. It is worth recalling the progress that has been made over a vast range of important issues. These include enabling the first transition from one democratically-elected president to another in Haiti's history, creating a stable political environment that has helped stem the flow of migrants, and greatly reducing the abuse of human rights.

At the same time, dealing with Haiti's other serious problems—economic, social, and environmental—will certainly require a long time. Economic reforms, improvements in Haiti's ability to feed and care for its own people, rebuilding Haiti's economic infrastructure, strengthening Haiti's justice system—all these will require a sustained effort by the Government of Haiti and long-term assistance by the United States and other donors. The peacekeeping operations in Haiti, while of relatively short-duration, have laid the foundation for the much longer-term effort needed to help the Haitians achieve their long-term goals.

HAITIAN REFUGEES

Question. It's estimated that between October 1994 and October 1995, only some 1,000 Haitians sought refuge outside the country. However, Congressional Quarterly reported in December the US Coast Guard has been picking up increasing numbers of boat people. "Is the number of boat people picked up by the Coast Guard on the rise? Will you please provide the Subcommittee with month by month numbers beginning 18 months ago?"

Answer. According to the information provided by the Coast Guard, there is a recent increase in the number of migrants picked up during this fiscal year compared to FY 1995. U.S. Coast Guard interviews with recently intercepted Haitian migrants lead a reasonable person to conclude this increase is due to the advent of organized migrant smuggling operations and the realization that the return to democratic governance is not going to bring an immediate improvement in the average Haitian's economic prospects. The recent increase is of too short duration, however, to be viewed as a pattern. At the same time, it is useful to keep in mind the strong and long standing character of the U.S.-Haitian migration relationship, in which the poverty of the average Haitian can motivate him to attempt to leave Haiti in search of economic opportunity elsewhere, and is attracted by the proximity of the United States and its wealth. Below is the Coast Guard provided data on the number of Haitian migrants picked up at sea from October 1, 1994 through March 28, 1996.

| | |
|-----------------------------------|-------|
| FY 1995: | |
| October 94 | 22 |
| November 94 | 110 |
| December 94 | 16 |
| January 95 | 36 |
| February 95 | 0 |
| March 95 | 0 |
| April 95 | 252 |
| May 95 | 1 |
| June 95 | 41 |
| July 95 | 8 |
| August 95 | 423 |
| September 95 | 0 |
| Total FY 95 | 909 |
| FY 1996: | |
| October 95 | 11 |
| November 95 | 1,549 |
| December 95 | 15 |
| January 96 | 195 |
| February 96 | 180 |
| March 96 | 132 |
| Total FY 96 | 2,082 |
| Grand Total 10/1/95-3/28/96 | 2,991 |

Source: U.S. Coast Guard HQ.

ADMINISTRATION OF JUSTICE PROJECT

Question. USAID awarded a contract to a US firm to implement a comprehensive administration of justice project. Concern has been expressed to me that the firm in question only minimally consulted the Haitian government. Obviously we should be concerned if USAID were trying to impose a plan that does not mesh with Haiti's culture and history. Is this concern well founded? How much consultation actually occurred between the Haitian government and USAID's contractor.

Answer. This concern is unfounded. USAID and the other donors have held extensive bilateral and multilateral discussions with the Government of Haiti on the

structure and content of the overall justice sector reform program. The Minister of Justice appointed his Chief of Cabinet to serve on the committee which selected Checchi and Company for the contract to implement the USAID project. Senior staff of the Ministry of Justice participated in the development of the Checchi workplan, which was approved by the Minister. Checchi and USAID also discussed the program with the new Minister of Justice, who has expressed his full support.

HUMAN RIGHTS PROSECUTIONS

Question. To date, how many members of Haiti's armed forces have been prosecuted and jailed for human rights abuses during the previous period of military rule?

Answer. Former Lt Col Michel Francois, who served as head of police, and former Cpt Jackson Joanis were convicted in absentia in September 1995 for their role in the murder of Aristide supporter Antoine Izmerly. (Francois is in the Dominican Republic; Joanis may be in the United States.) It is our understanding that under Haitian law, the conviction in absentia would permit the arrest of these individuals, pending trial on the merits, were they try to come within Haitian jurisdiction. Former Captain Castera Cenafils, alleged to have orchestrated the April 1994 Raboteau massacre, is in jail while facing trail. The National Police's Special Investigative Unit is conducting inquiries into several other notorious de facto-era crimes. The National Truth and Justice Commission also has completed an extensive study of de facto-era human rights abuses and in January provided a report to the Haitian government.

USG ASSISTANCE TO HAITI

Question. The budget request includes another \$80 million in economic support funds for "building democracy" in Haiti. What have we gotten for the previous \$160 million and how do you propose to spend the \$80 million in FY 97?

Answer. Following the return of President Aristide, there has been significant improvement in economic performance in Haiti and a good foundation laid for long-term, sustainable economic growth. According to International Monetary Fund (IMF) estimates, GDP has increased 3.5 percent, after a decline of 11 percent during the preceding twelve months and, for the first time since 1980, per capita income has increased. President Preval has assured President Clinton that he expects to reach agreement with the IMF by mid-May on an enhanced structural adjustment program. On several occasions during his visit to Washington, President Preval and his advisors publicly re-affirmed their commitment to economic reform as essential to promote sustained Haitian prosperity, including progress on privatization and civil service reform.

Haiti has crossed an important threshold from a military dictatorship to a peaceful democratic society. Since the return of democratic government to Haiti, the number of political killings has declined sharply from over 3,000 during the military dictatorship to less than 30. There is a new sense of personal security in Haiti due in large part to our efforts to build and strengthen the rule of law. Prior to the U.S.-led intervention, law enforcement and justice systems were on the verge of collapse; there was no police force and the military was viewed as the enemy of the people. The military regime which overthrew President Aristide was sustained by repression and brutality.

While much remains to be done, democracy has firmly taken root in Haiti. The government acknowledges the need for judicial reform and has begun training judges and prosecutors. The new Haitian National Police has deployed 5,300 new officers selected in an open, non-political and competitive process. Local government is now managed by 2,000 elected officials. Although progress has been more modest on the economic front, the Government of Haiti has taken steps to increase tax collection, create 12,000 assembly-sector jobs, increase the availability of credit for private investment and clear arrears to the World Bank, IMF and Inter-American Development Bank. President Preval has publicly stated that he will move quickly on economic reform measures needed for sustainable economic growth, and that he will reach rapid agreement with the IMF on and economic reform program.

In FY 1997, subject to Congressional approval, we intend to provide approximately the same level of ESF as in FY 1996 to continue our support for strategic objectives in economic growth, improved health care, environmental protection, democracy enhancement, and increased agricultural production.

These strategic objectives further support the overarching goal of consolidating of transition from military to civilian rule by helping the GOH to build a democratic, representative government and a democratic political culture free of violent intimidation. Assistance to justice system, the Haitian parliament, local government and

the Haitian electoral system will help the GOH strengthen and improve its democratic institutions.

Improvement in the economy, increased opportunities for Haiti's population and enhanced food security are crucial to the long-term success of the democratic transition. To this end, we seek to increase private sector employment and income and to help restore and manage Haiti's scarce environmental resources, so that Haitians can grow more food to feed themselves.

ICITAP SCREENING OF HNP CANDIDATES

Question. Various human rights groups are concerned the Justice Department's International Criminal Investigations and Training Assistance Program (ICITAP), which has led the program to establish a new Haitian National Police force, did not investigate the human rights records of applicants. What procedures did ICITAP employ to check the human rights records of applicants?

Answer. It is the policy of the Department of Justice's ICITAP program to screen all applicants for its training and technical assistance programs. Credible allegations of abuse or violations of human rights are grounds for exclusion from ICITAP activities.

In the Haiti National Police development project, ICITAP sought to insure an even higher standard in the recruitment and selection process of police cadets. Beyond educational and health requirements which limited the available applicant pool to Haiti's best and brightest, applicants were screened against what few criminal records existed in Haiti and were required to provide a certificate of good conduct from local authorities certifying the candidate's suitability.

The names of all applicants were reviewed in Port-au-Prince by selection teams composed of representatives from the Government of Haiti Ministry of Justice, ICITAP and the United Nations; names were cross-referenced with lists of known human rights abusers developed by the Organization of American States and United Nations Civilian Mission over its two years in-country. Any candidate who appeared on the list was automatically excluded from further consideration.

Finally, it is noteworthy that as a highly regarded human rights advocacy organization, the Washington office on Latin America (WOLA), stated in its September 1995 report, "Policing in Haiti—Preliminary Assessment of the Civilian Security Force": ". . . rigorous and impartial recruitment standards and procedure were developed and have produced young and well-motivated recruits."

One criticism we are aware of is the view of a number of human rights organizations that they should have been consulted by the USG directly rather than having us rely on the UN/OAS insight to report the views of the human rights community. Another criticism is based on the view that candidates for the HNP should have been submitted to a process of public review in which citizens would have been given an opportunity to demonstrate candidates they considered unsuitable. Whatever the merits of these suggestions, they go to the mechanics rather than the objectives of the results of human rights vetting.

We have continued to urge the GOH to apply the same sort of high standards to the selection of mid-level and senior supervisors for the police, and are gratified that the current GOH appears to share our views and that of the human rights organizations in this regard.

PREVAL AND THE RULE OF LAW

Question. President Aristide made to attempt to denounce various acts of vigilante justice which have occurred in Haiti since his return. How would you contrast Aristide's views on mob justice with President Preval?

Answer. Following his return to Haiti, former President Aristide repeatedly and eloquently expressed his commitment to promoting national reconciliation among all Haitians. He also called for the establishment of a state of law and for much-needed judicial reforms, to help end the climate of impunity which fosters a resort to summary justice. President Preval now is urging all Haitians to support his efforts to promote the rule of law, and Prime Minister Smarth touched on this theme in his general policy statement before the Legislature. We are encouraged by statements by the new Director General of the Haitian National Police (HNP) Denize, in that he has expressed, both publicly and privately, plans to vigorously investigate killings and abuses of power. He is also moving to install competent mid-level officers in the force.

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