Issue Brief

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GUATEMALA: U.S. FOREIGN ASSISTANCE FACTS

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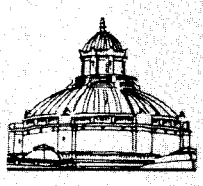

ISSUE DEFINITION

In January 1986, Vinicio Cerezo was inagurated as president of Guatemala, the first democratically-elected civilian after a 30-year period of virtual military rule. The Cerezo government faces serious problems -- severe economic difficulties, a lingering guerrilla insurgency, and a history of grave human rights abuse. Several issues have been raised regarding the Guatemalan situation and U.S. aid. Is the civilian government in Guatemala in charge or does the military continue to exercise predominant influence? Is the human rights situation improving? Can U.S. aid influence the democratization process and, if so, how should it be targeted?

Because of the seriousness of the human rights problem during the earlier period, the United States suspended military aid in 1978. Congress regularly placed restrictive conditions on aid to Guatemala -- usually over the objections of the Reagan Administration, which has sought a resumption of military aid. The installation of a democratically elected government has brought a reexamination of U.S. policy toward Guatemala. Congress has sought ways to help strengthen the civilian government and to further encourage respect for human rights.

In the past three years, the Administration has moved to substantially increase U.S. aid levels for Guatemala from $18.3 million in FY84 to a proposed $149.7 million in FY88. Budgetary limits on the overall size of the U.S. foreign aid program may cause reductions in the proposed 1988 levels, however, independent of any choices related to the Guatemalan, situation.

This issue brief provides basic information on the U.S. aid program and on the general situation in Guatemala. It also outlines major issues that have arisen in the aid debate.

This issue brief is one in a series on U.S. assistance to key countries. References and definitions of terminology are provided in a glossary contained in this brief.

BACKGROUND AND POLICY ANALYSIS

This section has four parts:

-- Country Data
-- U.S. Foreign Assistance Data
-- Program Background
-- Key Issues

COUNTRY DATA

Country data were taken from the following sources: AID Congressional Presentation FY86 and FY87 World Development Report 1984, The World Bank; The World Factbook 1985, The Central Intelligence Agency; and Foreign Economic Trends, U.S. Dept. of Commerce, March 1984.

Population ('85): 8.3 million
Population growth rate ('85): 3.1%

GDP ('83): $8.9 billion
Per capita GDP ('83): $1,136
Annual per capita GNP growth rate/long term ('75-'80): 5.7%
GDP growth rate/ short term ('83): -5.4%
Annual inflation rate ('70-'82): 10.1%
Avg. life expectancy ('84): 61 years
International debt ('83): $1,405 million
Debt service charges a % of export earnings ('83): 11.7%
(Debt service ratio for all developing countries in 1982 was 19.9%)
Per capita growth rate of agricultural production ('74-'83): -1.2%
Proportion of the labor force in agriculture ('80): 55%
Major crops: Corn, rice, pulses, cotton, raw sugar, cotton
Major exports and value ('83): Cotton, coffee, sugar/$1.1 billion
Major imports and value ('83): Manufactures, transport equipment, machinery/$1.12 billion

U.S. FOREIGN ASSISTANCE DATA (millions $)*

	FY83	FY84	FY85	FY86	FY87 (est)	FY88 (req)
Development Aid	12.3	4.4	58.0	36.9	33.3	33.3
(Loans)	(7.5)	-	(30.2)	(5.9)	(7.4)	(7.5)
(Grants)	(4.8)	(4.4)	(27.8)	(31.0)	(25.9)	(25.8)
Other Economic Aid	2.0	2.3	3.0	2.9	3.2	3.1
(Loans)	-	-	-	-	-	-
(Grants)	(2.0)	(2.3)	(3.0)	(2.9)	(3.2)	(3.1)
Food Aid	5.4	11.6	24.1	20.9	24.3	25.7
(Loans)	-	(7.0)	(19.7)	(15.4)	(19.0)	(18.0)
(Grants)	(5.4)	(4.6)	(4.4)	(5.8)	(5.3)	(7.7)
ESF	10.0	-	12.5	47.9	58.8	80.0
(Loans)	(10.0)	-	(9.5)	(23.9)	-	-
(Grants)	-	-	(3.0)	(23.9)	(58.8)	(80.0)
Military Aid	-	-	0.5	5.3	2.4	7.6
(Loans)	-	-	-	-	-	-
(Grants)	-	-	(0.5)	(5.3)	(2.4)	(7.6)
TOTAL	29.7	18.3	98.1	114.2	122.0	149.7
(Loans)	(17.5)	(7.0)	(59.4)	(21.3)	(26.4)	(25.5)
(Grants)	(12.2)	(11.3)	(38.7)	(92.9)	(95.6)	(124.2)

Total U.S. aid FY46-87: $894.01 million (current $)

Guatemalas's rank among U.S. aid recipients: FY87 - 13th
FY86 - 20th

OTHER AID DONORS	1982	1983	1984	1985
Int'l Agencies	45.9	102.4	135.8	235.6
Western Countries	11.6	13.6	n/a	n/a
OPEC Countries	-	-	n/a	n/a
Communist Countries	n/a	n/a	n/a	n/a

* U.S. Foreign Assistance and Other Aid Donors Data were taken from Agency for International Development and from Organization for Economic Cooperation and Development (OECD) publications.

DEFINITION OF PROGRAMS:

Development Aid -- AID functional accounts that emphasize long-term development objectives. Accounts include agriculture, population planning, health, education and human resources, energy and selected activities, and the Child Survival Fund. (Excludes ESF).

Other Economic Assistance -- Peace Corps, Narcotics Control, Inter-American Foundation and other miscellaneous economic aid programs.

Food Aid -- Public Law 480/Food for Peace program. Through P.L. 480 activities the United States provides surplus agricultural commodities on a low interest loan basis (Title I and III) and on a grant basis to meet emergency and humanitarian requirements (Title II).

ESF (Economic Support Fund) -- Through the ESF, a flexible but complex aid category, the United States provides economic assistance to countries of special economic, political, or military significance. Much of current ESF aid provides short-term economic stabilization and budget support to key nations. The foreign aid budget submitted by the executive branch links ESF and military aid under the general security assistance heading. Authorization committees in Congress treat ESF as a separate category distinct from either development or military aid while appropriations committees include ESF among bilateral economic aid programs.

Military Aid -- The United States provides military assistance to countries on a loan basis at market rates through Foreign Military Sales (FMS) guaranteed loans, at below market rates through FMS concessional lending (about 5% interest), and on a grant basis through the Military Assistance Program (MAP). Military training grants are also offered through the International Military Education and Training Program (IMET).

Other Aid Donors -- International agencies include multilateral development banks, U.N. programs, and the European Community; figures represent commitments reported, for the most part, on a fiscal year basis. Western countries include members of the OECD's Development Assistance Committee; figures represent gross disbursements of official development assistance only (no military aid) on a calendar year basis. OPEC countries include members of OPEC and Arab OPEC aid agencies; these figures also represent gross disbursements of official development assistance only (no military aid) on a calendar year basis. Communist countries include the Soviet Union, Eastern Europe and China; figures are for economic loans and grants reported by calendar year.

PROGRAM BACKGROUND

The goals of U.S. aid to Guatemala, according to Reagan Administration statements, include economic stabilization, growth in the productive sectors of the economy (especially agribusiness and exports), improved equity, democratic reforms, and defeat of the leftist insurgency.

The human rights abuses of the Guatemalan government have been an important determinant of the size and nature of U.S. aid to Guatemala over the last 8 years. Military aid was suspended under the Carter Administration beginning in FY78 because of serious human rights abuses. Under the human

rights conditions prevailing in Guatemala during the late 1970s, the Carter Administration interpreted U.S. law as limiting economic aid to programs meeting the basic human needs of the Guatemala population. Similarly, the Carter Administration supported loans to Guatemala from multilateral institutions only for such purposes.

Since 1982, the Reagan Administration has stated that there is no longer a "consistent pattern" of human rights abuses in Guatemala. It has used its authority to restore some programs under its direct discretion, including the sale of military spare parts and, in 1983, Economic Support Fund (ESF) monies for general balance of payments problems. The Congress, however, has remained deeply concerned about human rights conditions in Guatemala and, beginning with the Continuing Resolution for fiscal year 1984 (P.L. 98-151), has imposed restrictions on aid to Guatemala. These conditions include a human rights certification requirement on military aid for FY86 (see discussion of military aid below). On June 6, 1986, the Administration sent to Congress the required human rights certification, but many observers disagree sharply with its conclusions.

Many of the human rights abuses are linked to the military's efforts to crush the leftist insurgency in Guatemala. The insurgency, which has been waged with varying degrees of intensity since the early 1960s, has roots in the extreme social cleavages that exist between rich and poor and between the Spanish-speaking and the traditional Indian population. The bulk of the residents, Indians of the highland plateau, have never been fully integrated into the Hispanic society that dominates national politics. Successive military governments used repression and intimidation to prevent the political and social mobilization of both the rural and urban poor, whether in labor unions, co-ops, or church-sponsored organizations. The lower classes have seen a steady deterioration of their living standards in spite of the impressive gains made by the Guatemalan economy since the mid-1950s.

In 1982, Gen. Efrain Rios Montt led a coup which deposed Gen. Fernando Lucas Garcia as President. Reportedly distressed that the Lucas regime was giving insufficient attention to the guerrilla threat and that its abuses were fueling the insurgency, the Rios Montt government moved to take stronger action on that front. The rebellion was largely suppressed by late 1983, although fighting continues in several areas (especially in the north and along the Mexican border). Many observers are concerned, however, that this success was achieved through the use of tactics which had the effect of killing thousands of civilian non-combatants. Controversial tactics (most notably, the organization of the rural population into civil defense patrols and the construction of "model villages") continue to be employed.

In late 1983, Rios Montt was replaced by Gen. Oscar Mejia Victores in a coup initated by junior officers. According to reports, the coup leaders were particularly concerned that that Rios Montt seemed too inclined towards perpetuating military rule and too unconcerned about the broader political situation. The decision of the Mejia government to turn power over to an elected civilian government was motivated by several factors. First, reports indicate, was a calculation that the military's own interests would be better served if it played a professional military, rather than a governing, role. The junior officers in particular were very critical of the economic ineptitude and the corruption in the top ranks of the military government. Many argued that a reformist civilian regime would create a better political base for dealing with their basic military problems. None of the leading civilian candidates were basically unacceptable. Second, reports say, the Guatemalan military recognized that the political trend in Latin America was

moving towards democracy and civilian rule. Many were uncomforable with the fact that their military dictatorship and poor human rights record had made their country seem a pariah state within the region. Third, reports indicate, many believed that the material shortcomings of the military also required new access to international aid if it is to have the spare parts and critical supplies needed to carry out its basic functions.

A constitutent assembly was elected in July 1984. It completed work on a new constitution in May 1985. Presidential and legislative elections were held under the new constition on Nov. 3, 1985. The Christian Democratic Party won a majority of seats in the 100-member legislature, but its presidential candidate, Vinicio Cerezo, while leading a crowded field of candidates, failed to win an absolute majority. He faced his leading opponent, Jorge Carpio Nicolle of the moderate Union of the Democratic Center (UNC), in a runoff election on Dec. 8 and won a convincing victory -- 69% of the vote.

While the emergence of the Christian Democrats and the UNC as the country's dominant parties may pave the way for a stable political system in which power alternates between two democratically oriented parties, most observers believe that the military is likely to remain an important political actor. President Cerezo appears to be treading carefully to avoid unnecessary confrontations with the military.

Although the installation of the civilian government on Jan. 14, 1986, is a significant step forward for Guatemala, progress in the establishment of democratic rule is balanced by continuing reports of human rights violations in Guatemala. Many of the human rights concerns focus on the tactics being used to defeat the guerrilla insurgency. Human rights groups see those as taking a particularly heavy toll on the rural population. Some reports assert, however, that there also continues to be a serious problem of politically-motivated disappearances and killings in the period since the inaguration of the Cerezo government. The State Department and other sources argue, on the other hand, that the situation is much improved and, according to their figures, the number of disappearances and civilian non-combatant deaths are down sharply from 1984 levels.

Military Aid: The FY78 suspension of U.S. military aid to Guatemala was a mutual decision, since Guatemala rejected as an interference in its internal affairs the human rights conditions sought by the Carter Administration and rejected U.S. military aid. To meet its security needs, the Guatemalan government developed a rudimentary arms industry and relied on arms purchases and aid from Israel and Taiwan. The lack of spare parts for previously supplied U.S. equipment (especially motor vehicles, helicopters, and aircraft), however, has led to the gradual erosion of the country's military capabilities.

In January 1983, the Reagan Administration requested $10 million in military credits and offered to sell Guatemala $6.3 million of military spare parts. (Because Congress blocked the Administration's request, the President could not grant Guatemala credits with which to make these purchases. In early 1984, the Administation requested $10.3 million for military aid programs in fiscal year 1985. The Congress approved $300,000 for the training of Guatemala military officers, but specifically barred all other military aid.

For FY86, the Administration requested $10 million for FMS credits and $300,000 for IMET. Congress raised no objections to the IMET request, but

cut the FMS authorization by specifying that no more than $10 million could be loaned over the 2-year period of FY86-FY87. Congress prohibited the use of any funds for the purchase of weapons, and limited the FMS program to the purchase of nonlethal civil engineering and medical equipment (and associated training). With the exception of IMET funds, Congress also barred release of military aid until the installation of an elected government, receipt of a formal request from that government for military aid, and presidential certification of human rights progress in Guatemala. The President sent a report to Congress, on June 6, 1986, indicating that all the conditions established for military aid to Guatemala had been met. For further information on allocation of U.S. aid, see discussion of appropriations below.

Counterterrorism and Antiterrorism Aid

In 1985, the Administration requested authorization and appropriation of $54 million to help the Central American countries strengthen their counterterrorism capabilities. Guatemala was slated to receive $3 million for counterrerrorism training for law enforcement agencies and $2 million for comparable training for the armed forces. The legislation died for want of congressional action when Congress adjourned in late 1986.

On July 2, 1986, the Administration notified Congress that it intended to begin providing Guatemala with antiterrorism assistance under authority of Chapter 8 of the foreign assistance act. Congress had previously appropriated $7.1 million to fund the Chapter 8 program in FY86.

President Cerezo has indicated a desire to receive U.S. training for Guatemalan police.

Economic Support Funds (ESF): Because the Guatemalan economy was the strongest in the Central American region, Guatemala received relatively little ESF over the last 10 years. Economic difficulties in the early 1980s, however, stimulated requests from the Reagan Administration to provide ESF to Guatemala. In 1983, Guatemala received a $10 million ESF loan from funds appropriated under the Caribbean Basin Initiative in late 1982. This loan was used to finance balance of payments deficits while Guatemala negotiated a stand-by agreement with the International Monetary Fund (IMF).

The Administration sought additional ESF to ease Guatemala's balance of payments deficit problem in fiscal year 1984, but in that year Congress required that all aid to Guatemala be channeled through private voluntary organizations. The congressional requirement was a response to continuing human rights violations in Guatemala, in particular, the murder in February 1983 of a Guatemalan U.S. AID employee with the apparent complicity of Guatemalan security forces. The requirement made the proposed ESF program impractical, according to the Administration, which provided no ESF to Guatemala in 1984. For fiscal year 1985, the Administration sought $35 million in ESF to support Guatemalan balance of payments, but the Congress once more rejected this type of program for Guatemala. It appropriated only $12.5 million for Guatemala and directed that it be aimed directly at improving the lives of the poor. Unlike FY84, the Administration decided to program the FY85 ESF despite this restriction, and used the money to sponsor agribusiness development projects aimed at small farmers.

The Administration requested $25 million for the ESF program in FY86. Although some Members sought to limit ESF for Guatemala to $12.5 million, Congress implicitly approved the President's request by not placing any

earmark in the authorization or appropriations acts. In light of the changing conditions in Guatemala, however, the President used his reprogramming authority in June to provide $47.85 million in ESF to Guatemala for FY86. Half of this amount is in loans and half in grants. Supplementing the balance of payment support program provided under ESF is a $15.4-million program under Title I of P.L. 480. This program will finance essential food imports and support agricultural development projects.

For FY87, the Administration sought funds for $70 million in ESF aid (half grant, half loan). An additional $19 million was also programmed (and subsequently provided) for P.L. 480 Title I aid. After Congress reduced overall foreign aid appropriations for the year, the Administration reduced Guatemala's ESF allocation to $58.8 million but made it all grant aid. For FY88, the Administration is requesting $80 million for additional ESF grant aid and $18 million for P.L. 480 Title I support.

On June 25, the House adopted an amendment to the military construction appropriation, H.R. 5052, providing $100 million of military and "humanitarian" assistance to the anti-Sandinista rebels and $300 million in additional ESF for Central America. Additional details are given under "Congressional Action."

Development Aid: Programs in this category were restricted in fiscal year 1984 by the congressional requirement that aid to Guatemala be channeled through private voluntary organizations. This restriction was not renewed for fiscal year 1985, and the Administration spent $58.0 million (of which $15.6 million came from a FY84 supplemental appropriation), a significant increase over the amounts provided prior to 1984. In FY86, Administration spent $36.9 million for development assistance programs in Guatemala. In FY87, the comparable figure was $37.3 million. The same amount is requested for FY88.

Under Title II of P.L. 480, Guatemala has in recent years received food donations ranging in value from $4.4 million to $7.5 million to support maternal and child health feeding programs. In FY87, this aid totalled $5.3 million. In FY88, the Administration is seeking $7.7 million.

KEY ISSUES

A. Is the Human Rights Situation Improving?

The complicity of the Guatemalan government and security forces in human rights abuses has been a key determinate of U.S. aid to Guatemala since 1977. Given the conditions surrounding the transition from military to democratic rule, with the military apparently acting from a position of strength, few were surprised that the installation of the Cerezo administration did not immediately end human rights abuses in Guatemala. The continuing conflicting viewpoints on human rights in Guatemala also show, however, that numerical assessment and interpretation of trends regarding human rights conditions in Guatemala depend in part on what one believes can or should be achieved by the new government.

Tracking the human rights situation is complicated by several factors. First, the focus of abuse has changed. In the late 1970s and early 1980s, the major urban areas were the scene of numerous killings and disappearances that were readily visible to international observers. After 1982, however,

such abuses began to decline in number, but new tactics employed to defeat the guerrilla insurgency put additional pressures on the rural population. The geographic isolation of the rural areas has made it harder to confirm reports of human rights abuses and military attacks on civilian populations, and there has been little agreement over the degree to which resettlement villages (the so called model villages program) and "voluntary" civilian patrols should be seen as abuses of the rights of the rural population.

Secondly, reporting on human rights is sketchy because human rights organizations have sometimes had trouble operating freely in Guatemala. In mid-1985, for example, the archbishop of Guatemala was quoted as saying that the Church is unable to organize a peace commission (a different but related type of initiative) because people were afraid to to serve on it. The Church lost a significant number of workers during the past decade. It is apparently preparing an offical list of all its missing personnel, without seeking to affix responsibility for the disappearances. Representatives from Amnesty International were unable to visit the country during most of the years of military rule, but reports indicate that Americas Watch had people there during most of the period.

The only human rights group based in Guatemala is the Mutual Support Group, which is made up of relatives of disappeared persons. It does not, however, attempt to tabulate human rights violations and its list of disappeared persons is restricted to relatives of its members. Nevertheless, the Mutual Support Group came under considerable harassment during the period of military government, including the murders of several of its leaders and members. The former military government accused it of ties to the guerrilla movement and being linked to foreign subversive groups, like Amnesty International. Amnesty International has reported on the situation regularly, but its first visit to Guatemala was not possible until April 1985 (the resulting report was issued in January 1986).

Other groups that have attempted to report on human rights conditions in Guatemala have also had their bona fides questioned. The Mexico City-based Guatemalan Human Rights Commission, for example, has been accused of being linked to the guerrillas. The U.S. State Department insists that it is essentially a guerrilla front, although the organization denies the charge. The United Nations Human Rights Commission had a special rapporteur for Guatemala between March 1983 and March 1986. Reports filed by the special rapporteur contrasted sharply with reports from other human rights organizations, and were the subject of a joint report filed by Americas Watch, Asia Watch, and Helsinki Watch on problems associated with U.N. special rapporteurs ("Four Failures: A Report on the U.N. Special Rapporteurs on Human Rights in Chile, Guatemala, Iran, and Poland," January 1986). The report charges that rather than filling his mandate to objectively report on human rights conditions, the Guatemalan rapporteur saw his task as encouraging democratic reforms, which, as he said in an interview with the Wall Street Journal, "You don't do that by writing a 100-page report of pure condemnation." (Apr. 30, 1984.)

The State Department reports that its figures show a substantial improvement in 1986 in the Guatemalan human rights situation. In 1986, officials indicate, about 100 political killings have been tabulated, down from 597 in 1985 and 992 in 1984. State Department sources say that perhaps 60% of the political deaths counted during 1986 may be due to insurgent action, and that none showed clear-cut evidence of government involvement. The methods of operation common during the period of heavy death squad activity are now rarely seen, State Department sources indicate. The

Mexico-City based Guatemalan Human Rights Commission reports significantly higher levels of political violence. For the first three months of 1986, it reported 76 killings and 20 disappearances, compared to 681 killings and 248 disappearances/kidnappings in 1985. Fuller figures are not yet available. The Inter-American Human Rights Commission noted, in its 1986 report, several cases of disappearances or kidnappings which had occurred in the first half of 1986 and it indicated that, of 700 deaths by violence which occurred during this period, some 40 might be attributed to political causes. The Commission concluded that "there is no doubt that during the first seven months of its administration a noticeable change has occurred in the human rights situation in Guatemala."

The Reagan Administration argued, during the later period of military rule, that the data no longer showed a "consistent pattern" of human rights violations in Guatemala. It said that progress was being made in reducing civic action programs undertaken by the Guatemalan military were seen as indicative of a new attitude on the part of the government to win the support of the peasants. On June 6, 1986, following the installation of the new civilian government, the Reagan Administration issued a report to Congress certifying that continued progress is being made in strengthening civilian control of the military and in diminishing human rights abuses.

The June 6, 1986, human rights certification report, however, comes at a time when many other observers and human rights organizations remain extremely concerned about human rights conditions in Guatemala, especially by the continued killings that are taking place. Most accounts of these killings, however, acknowledge the difficulty in distinguishing between politically motivated killings and "common" criminal murders; assigning responsibility for the killings is even more difficult, since the victims span the political spectrum and include military personnel.

Although not all supporters of the new elected government would accept the Administration's assessment of the final years of military rule, many would agree that President Cerezo has adopting a realistic stance towards human rights. His position is to account for the disappeared and bring security forces under his control to prevent new abuses from occuring, but not to punish the military for abuses that occurred prior to Jan. 14, 1986. His decree abolishing the Technical Investigation Department (DIT), one of the security forces most closely linked to human rights abuses, is seen by many as a step in asserting control over the country's security forces, which is a congressionally imposed condition on the resumption of military aid to Guatemala.

Critics of the new government's human rights record include the Mutual Support Group (GAM). In addition to the continuing killings and disappearances, the GAM is sharply critical of Cerezo's failure to overturn the amnesty that the outgoing military government decreed for itself and to investigate and punish past perpetrators. GAM members staged a sit-in at the National Palace in October, while President Cerezo was out of the country on a four-week trip to Europe and the United States, to publicize their concerns. Cerezo has refused to recind the amnesty, but he has offered to have the government issue death certificates for all the disappeared whose fate remains unknown (a step which would end the legal ambiguity that complicates the survivors' lives.) GAM has reportedly rejected this offer. The critics are also upset by the appointment of a notorious military officer to be diplomatic representative of Guatemala. Other critics also note that the government is continuing to open new "model villages," which in the past have been denounced as "concentration camps." In general, these critics

believe that the repressive mechanisms remain intact and the judicial system is so weak that recent declines in the numbers of reported human rights abuses do not guarantee any long-term trend. They also believe that the absolute level of serious human rights abuses remains unacceptable, even if one accepts the numbers reported by the State Department.

The government's supporters argue that the GAM is being unrealistic in its expectations. They argue that Cerezo's power is not strong enough to survive an outright challenge to the military that human rights trials would entail. A coup, reestablishing military rule, might be the result of an initiative of that sort. Cerezo has been quoted as saying that it would be counterproductive to open up this issue once again. Not only would it raise difficulties with the military but it would also make it difficult for him to offer the rebels an amnesty in the course of future discussions aimed at ending the insurgency. The government's supporters say that appointing military officers to diplomatic posts is a relatively easy way of removing them from power. It also opens up avenues of promotion for friendly military officers. They also say the repressive aspects of the "model villages" and the government's anti-insurgency program have been exaggerated.

B. Does Military Aid Promote Democracy in Guatemala?

Even though military aid to the new civilian government of Guatemala is subject to numerous human rights conditions, the military component of the U.S. aid program remains controversial. Proponents of military aid see its purpose as promoting a stable, democratic regime respectful of human rights, responsive to the needs of its people, and capable of dealing with the leftist guerrillas. They believe that through association with the U.S. military the Guatemalan security forces will learn greater respect for human rights. Some also argue that the United States should reward the Guatemalan military for returning the country to democratic rule. Renewed military aid would discourage future coups and strengthen the groups within the military who are sympathetic to civilian democratic rule. Finally, they conclude that military aid would speed the definitive defeat of the guerrillas, thus ending human rights abuses attributable to them as well as the war-related damage to the economy that hinders economic development.

Opponents of military aid, however, see contraditions in these goals. They claim that military aid provided in the 1960s and 1970s did not accomplish the goals outlined by today's proponents of military aid, but rather built up a self-serving military that trampled the rights of the civilian populace. They argue that the formal installation of the elected government is just the first step in the restoration of full democratic rule in Guatemala. Before full military aid is renewed, they would prefer to make sure that the military is not simply constructing a democratic facade to improve the country's international image now that the "dirty," but (from the viewpoint of the military) necessary war against the leftist guerrillas is largely over. As evidence that democratic rule is genuine, these opponents of military aid suggest various yardsticks -- an end to human rights abuses, prosecution of those responsible for past killings and disappearances, or civilian control of rural pacification and development programs.

Some opponents also fear that the apparent eagerness of the Administration to provide military aid might create the impression that the United States is rewarding the military for having stuck by its brutal policies and defeating the insurgents, even though the United States was unable to publicly endorse such measures. This would, they suggest, send the wrong signals not only to

the Guatemalan military, but also to other military regimes, such as Chile. They suggest that the Administration is not so much interested in consolidating the democratic government in Guatemala as building up a new military ally in the region. To support this view, they point to the efforts of the Administration to renew military aid in the early 1980s over the objections of the Congress.

Some critics of the Administration are also perturbed by the growing link between economic assistance to Central America and aid to the contras. The Cerezo government has tried to steer a neutral course through the regional conflict, avoiding excessive identification with either side. Some U.S. critics of the Reagan Administration policy and many in Guatemala worry that increased levels of U.S. economic and military aid to will make Guatemala more vulnerable to pressure from the United States for more cooperation with its regional policies.

Supporters of increased U.S. military aid argue, in response, that military aid can strengthen the civilian leadership, not only by promoting professionalization of the military services but also by giving the President the means to effect personnel changes in the military command structure. A key indicator, they say, would be the widespread retirement of the colonels who staffed the military government and a further strengthening of the pro-democratic groups within the military structure. In any case, they say, to the extent the military supported the democratization process in order to get broader access to military supplies, it would be short-sighted and potentially self-defeating to deny them that aid.

C. Should the United States Provide Counterterrorism/Antiterrorism Training to Guatemalan Military and Police Bodies?

The Administration has proposed Guatemalan participation in two programs aimed at combating terrorism. The proposed Central American Counterterrorism program is divided into military and police training components. This program requires new authorizing legislation, which has stalled in Congress. Aid to Guatemalan police forces has also been proposed under the antiterrorism programs of Chapter 8 of the Foreign Assistance Act, although the Administration has not given the 30-day notice required before such aid may be initiated. Both the military and police training proposals have aroused controversy.

Proponents of the military aid component of the counterterrorism program endorse the more generalized arguments in favor of military aid discussed above, but also argue that Central American guerrillas are now resorting to terrorism to obtain the victory denied them through guerrilla warfare. Thus they see special counterterrorism training as essential to eliminating the leftist guerrilla threat in Guatemala.

Opponents of counterterrorism training for the Guatemalan army tend to see the proposal as another attempt to obtain military aid, which Congress has been hesitant to approve, by making it part of the politically popular fight against terrorism. They note that unlike the police component of the counterterrorism training program, the military counterterrorism training envisioned under the proposal could be carried out under existing military aid programs (if Congress lifted restrictions on Guatemala's receipt of such aid) and would not require any new authorizing language. This part of the request, they argue, should be considered as part of the normal military aid request for Guatemala.

The police training component of the counterterrorism program raises other questions. Although Congress voted an exemption for some Central American countries on the use of foreign aid funds for police training, Guatemala was not included. Such an exemption would be necessary for Guatemalan participation. Opponents of counterterrorism training for Guatemalan police units note the complicity of Guatemalan security forces in human rights abuses and fear that the United States would be associated with these abuses if it were training the Guatemalan police. (It was precisely this argument that led Congress in 1974 to impose the existing general ban on such training.)

The Administration and its supporters, however, argue that more careful administrative oversight of the program and attention to human rights concerns in the training itself will eliminate the problems encountered in the previous police training programs. They see improved police capabilities as essential to defeating the guerrilla terrorist threat.

Some Members have proposed a middle ground between these two positions. They recognize the terrorist threat but are reluctant to move too quickly in providing aid to disreputable security forces in Guatemala. They suggest imposing human rights conditions and Presidential certifications of progress similar to those on military aid for Guatemala.

In the absence of formal notification of Guatemalan participation in police training under Chapter 8 antiterrorism programs, little comment has been made regarding this type of police training for Guatemala. This type of aid would not require a exemption to the general ban on aid to police forces, but would likely raise the same type of human rights questions as the counterterrorism police training. Congress could require a human rights report before aid is provided under Chapter 8.

Although not directly related to Guatemalan participation in the Chapter 8 programs, the San Jose (California) City Council has barred the participation of its police department in training foreign police requested by the State Department. Critics in San Jose cited the danger that training would be provided to police from countries that practice torture.

CONGRESSIONAL ACTION

Authorizations -- FY86-FY87

On July 11, 1985, the House adopted the foreign aid authorization bill, H.R. 1555, on a voice vote. During floor debate, the full House added two amendments emphasizing its interest in human rights in Guatemala to the bill as it had been drafted by the Foreign Affairs Committee (H.Rept. 99-39). As recommended by the committee, the House-passed bill barred most military aid to Guatemala until a civilian government is in power and has formally requested such aid from the United States and until the President certifies progress in human rights.

On May 15, 1985, the Senate passed, 75 to 19, an amended version of the foreign aid bill drafted by the Foreign Relations Committee, S. 960 (S. Rept. 99-34). Neither the committee report nor the committee-drafted bill contained any specific provisions regarding Guatemala and none were added during floor debate. (The

The conference report on S. 960, H.Rept. 99-237, was issued on July 29, 1985. It was adopted by voice vote in the Senate on July 30 and by the House on July 31 (262 to 161). Signed by the President, S. 960 became P.L. 99-83 on Aug. 8, 1985.

The Guatemalan provisions of final act closely follow the House-passed bill, H.R. 1555. Military aid, other than IMET, is barred until an elected civilian government is in power and has submitted a formal request for military assistance and until the President has certified that Guatemala has made demonstrated progress in 1) achieving control over the miltiary and security forces, 2) eliminating kidnappings, disappearances, forced recruitment, and other human rights abuses, and 3) respecting the human rights of the indigenous Indian population. No funds authorized by the measure can be used to procure weapons or ammunition for Guatemala. The measure authorizes $10 million for fiscal years 1986 and 1987 for the purchase of equipment and training for civilian engineering projects and mobile medical teams under the FMS program. The ESF and development aid authorized by the measure can not be used to support the rural resettlement program and, to the maximum extent possible, must be provided to Guatemala through private voluntary organizations. All aid is to be cut off in the event of a military coup. The law states that it is the sense of Congress that 1) Guatemala allow an unimpeded investigation of humanitarian needs in the country by the International Committee of the Red Cross; 2) Guatemala recognize the independence of Belize and enter into a mutual nonagressional pact with it; and 3) the Mutual Support Group and other human rights groups be able to function freely and enjoy government protection and that their ability to so function be considered as a factor when the United States determines if there has been progress in human rights in Guatemala.

Appropriation -- FY86

The House Appropriations Committee reported out its FY86 foreign aid appropriation bill (H.R. 3228) on Aug. 1, 1985 (H.Rept. 99-252). The Senate Appropriations Committee reported its comparable bill (S. 1815) on Oct. 31, 1985 (S.Rept. 99-167). To expedite action, Congress subsequently included the FY86 foreign aid appropriation in the omnibus continuing resolution (H.J.Res. 465). The House and Senate adopted the conference report (H.Rept. 99-450) for this measure on Dec. 19, 1985, and it was signed into law by the President the same day (P.L. 99-190.) For further information on this legislation and the amounts allocated for Central America, see IB84075 Central America and U.S. Foreign Assistance: Issues for Congress.

The FY86 appropriation act repeats the key human rights conditions for military aid to Guatemala contained in the foreign aid authorization act. Despite prohibitions in the authorization act, which bar use of U.S. funds to support the model villages program, however, the FY86 appropriations legislation makes funds available for Guatemalan resettlement villages through the regular notification process.

While the aid levels for some Central American countries were cuts, when funds were allocated following adoption of the FY86 appropriations, Guatemala received more than was initially requested. The Administration almost doubled the amount of ESF aid (from $25 to $47.9 million) and announced that it would be all grant aid instead of loan aid as originally planned. The amount of development aid was increased by $2 million, to $35 million. In the military aid area, $4.8 million in MAP grant aid was also substituted for the $10 million in FMS loans originally proposed.

FY87 Appropriations

In 1986, the House and Senate each adopted separate bills for FY87 foreign aid appropriations (H.R. 5339 and S. 2824). Due to the pressure of time, however, the final appropriations were again incorporated (as they had been the previous year) in an omnibus continuing resoulution. The conference report (H.Rept. 99-1005) on H.J.Res. 738 was adopted by the House and Senate on Oct. 17, 1986 and signed by the President the next day (P.L. 99-500). (The act was signed again on Oct 30 and renumbered as P.L. 99-597.) Congress appropriated significantly less than the Administration requested. In addition, most of the largest aid recipients were protected by earmarks in the legislation which guaranteed them as much or more, in U.S. aid, as the Administration had originally requested. Consequently, the full burden of the appropriations cuts would have to be borne by the non-earmarked countries, such as Guatemala. For further information on general terms of the appropriation act, see IB84075 Central America and U.S. Foreign Assistance: Issues for Congress.

Provisions Effecting Guatemala. In the reports accompanying H.R. 5339 and S. 2824, the House and Senate both commended Guatemala for taking a constructive step towards peace by deleting its claim to Belize from the new Guatemalan constitution. The House also noted, in its report, that Guatemala had made significant progrsss under the civilian government of President Cerezo, in curbing human rights violations and improving the economic and security situatiion in the country.

The House required, in its bill, that no military aid could be provided to Guatemala unless the President reported that the civilian government there was requesting the aid and the Guatemalans were making progress in controlling their military and security forces and in eliminating human rights abuses. This language was dropped from the final legislation, as the conferees noted that these stipulations were already in effect in the foreign aid authorization act. The House and Senate both recommended in the reports on their separate legislation that priority be given, in the use of U.S. military aid for Guatemala, to the acquisition of mobile medical facilities and related equipment.

The final appropriations act specified that, notwithstanding the prohibitions in the authorization law, U.S. aid funds could be used in Guatemala to finance rural resettlement programs if the appropriations committees were notified beforehand through the regular notification process.

Guatemala was also effected by several other provisions of the appropriations act. The law required for instance, that all countries receiving more than $5 million in ESF aid must create a separate account for it in their central bank, so its use would not be obscured through comingled with funds obtained from other sources. The law specified that any foreign currencies generated by cash transfers from U.S. aid shall be deposited in special accounts and used according to the guidelines of sec. 609 of the Foreign Assistance Act. Among other things, this has the effect of regularizing the management of the substantial quantity of local currency now being generated by ESF aid programs in Central America. The law also incorporated a directive, originating in the Senate bill, which prohibited any U.S. aid funds from being used -- except to carry out Caribbean Basin Initiative (CBI) programs -- any programs for feasibility studies, investment studies, or the actual extablishment of facilities which might result in the production of products for export to the United States or other countries in

competition with import-sensitive U.S. products. U.S. AID has major programs underway in the Central American countries to identify and promote new exports to the United States, using directly appropriated funds as well as local currency generated as a result of ESF operations. To the extent that these are identified as being CBI-relevant, they probably will continue to be eligible for funding in FY87.

Special Aid for Central American Democracies. Earlier in the year, Congress adopted legislation (H.R. 5052) which provided that the Central American democracies would get $300 million in economic assistance at the same time that the anti-Sandinista Nicaraguan "contras" got $100 million in new military aid. Guatemala was slated to have received $60 million of this supplemental aid. Provision for this economic aid was included in the FY87 continuing resolution. In the process, however, the $300 million in extra aid was convered into an earmark guaranteeing that the Central American democracies would receive at least $300 million from the regular ESF aid program during FY87. The Administration had been planning on allocating more than this in any case. For further information on this issue, see IB84075 Central America and U.S. Foreign Assistance: Issues for Congress.

Allocating FY87 Aid for Guatemala. On Dec. 15, 1986, the Department of State notified Congress, in a report required by Sec. 653 of the Foreign Assistance Act, that it had allocated the FY87 aid appropriation money. According to the report, Guatemala is to receive $94.6 million, down from the $147.4 million the Administration had originally requested, Some $58.5 million of the FY87 allocation was for ESF aid, $33.4 million for AID development assistance, $2.0 million for Miltary Assistance Program aid, and $0.4 million for IMET assistance. The Sec. 653 report was delivered nearly a month later than the date required by law. Reports indicate that the executive branch had great difficulty deciding how the shortfalls in FY87 aid were to be allocated.

Supplemental FY87 Aid. In February 1987, the Administration sent a request for supplemental FY87 appropriations to Congress. Among its requests were $40 million in ESF additional aid and $5 million for military grant aid for Guatemala. The extra ESF aid was intended to provide the country with funds it would have received from the $300 million in "extra" FY87 aid had that aid materialized. On Mar. 13, 1987, the Foreign Operations subcommittee of the House Appropriations Committee approved the Administration's FY87 supplemental aid request for Central America. In the process, it raised Guatemala's designated share to $64 million. No action was taken, however, on the proposal for supplemental FY87 military aid.

Appropriations -- FY88

In February 1987, the Administration also sent to Congress its regular budget request for foreign aid. The request provided that Guatemala should receive a total of $149.7 million in U.S. aid in FY88, much of it in the form of ESF balance of payments aid. The details of the Administration request are shown in the table at the beginning of this report.