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ii. Distribution by Country

Bilateral Foreign aid has been distributed by country as follows
(eliminating those countries which have received less than \$14 Million
in bilateral aid in any one year, without regard to PL 480 aid:

<u>Country</u>	Millions of Dollars	
	<u>1975 FY</u>	<u>1981 FY Proposal</u>
<u>Africa</u>		
Kenya	17.3	35.2
Sudan	30.1	21.7
Tanzania	14.7	23.4
Mauretania	15.5	15.8
Upper Volta	-	15.6
Lesotho	-	15.7
<u>Asia</u>		
Bangladesh	78.7	105.0
India	82.7	100.0
Phillipines	39.7	39.5
Sri Lanka	31.4	46.1
Thailand	17.0	27.0
<u>Latin America</u>		
Bolivia	-	27.5
Dominican Republic	25.1	22.3
El Salvador	43.0	18.2
Jamaica	45.7	22.3
Nicaragua	17.9	19.5
Peru	18.7	30.5
<u>Near East</u>		
Tunisia	-	25.1
Yemen	-	16.4
<u>Total (All Countries)</u>	946.6	1224.0
<u>Least Less Developed Countries</u>	238.8 (23%)	307.7 (26%)
Overhead	293.2 (24%)	298.7 (23%)
ISTC		64.3

Of course, one will note that the figures between different tables do not agree by small amounts, because apparently in preparing tables with FY 1981 figures, the figures involve preliminary and revised FY 1981 budgets so that the figures are inconsistent by a few million one way or the other. But the figures given are "ball-park" figures at least.

An analysis of the country by country distribution of bilateral foreign aid doesn't seem to show any particular meaningful pattern. Of course, we know that Bolivia was restored to aid when it overthrew the Banzer dictatorship, and then wiped off again when the military took over again less than a year later. No doubt much of the particular selection of omission of countries for favor can be explained by such circumstances for a particular country if one knows them.

Query: Is it not more meaningful in analysing distribution by region and country to include PL 480 aid too? We will return to PL 480 aid distribution in due course.

b. PL 480.

1. Historical Description of the Program.

No analysis can be made of the PL 480 program without a review of its history. The program was started in 1954 at a time when the U.S. has enormous grain surpluses. Today, the U.S. does not have grain surpluses, and P.L. 480 plays only a small role in the export of U.S. agricultural products. This is shown in the following Table:

U.S. FARM PRODUCT EXPORTS
(Millions of Dollars)

Year	PL 480	Other Aid	Commercial	Total
1955	385	450	2309	3144
1965	1570	26	4501	6097
1975	1101	123	20354	21378
1981	1715	?	?	40500 est.

U.S. FARM PRODUCTS EXPORTS
(Millions of Tons)

Year	Tons
1965	59.0
1975	93.5
1981	170.5

Note: PL 480 farm product exports are estimated at about 5.0 million tons of which 1.5 go to Egypt.

It is thus evident that PL 480 exports of farm products no longer play an important economic role in the U.S. export picture, and that any need which the U.S. might have had in the 1950s and 1960s for farm product export stimulation, is not needed today. The PL 480 program therefore should be put in the general context of foreign aid, and not of export promotion for farm products.

ii. Legal Restrictions on P.L. 480 Exports.

PL 480 exports fall into three categories, commonly known as Title I, Title II, and Title III. Title one is the direct sale of

farm products with favorable credit terms granted. Title II is the donation of grain, most of which is distributed by private voluntary organizations. By congressional mandate for FY 1981 this is to be 1.6 million tons, of which 1.3 million tons must be distributed through Private Voluntary Organizations (PVOs) such as CARE. Not only are there restrictions of a general political nature imposed on Title I sales, but in addition, 75 percent of Title I sales must be to the LLDCs (Least Less Developed Countries), defined as those below the poverty level in terms of GNP as determined by the World Bank. This is currently \$650 per capital income. There is a further condition that Title I aid shall not go to any country "dominated by a Communist government."

iii. Destination of P.L. 480 Aid.

(a). By Region.

Figures indicate regional distribution for P.L. 480 aid as follows:

Region	FY 1979		FY 1981	
	Millions Dollars	Percent	Millions Dollars	Percent
Africa	170.5	15%	205.0	19%
Asia	466.0	40%	382.0	36%
Latin America	136.0	12%	160.0	15%
Near East	369.0	32%	320.0	30%
Total	1141.0	99%	1067	100%

It is not easy to interpret the significance of these figures. First of

all, they do not contain all PL 480 aid, since either they do not show PVO (e.g., CARE) distribution, or they do not show recycled aid, that is, aid paid for by repayments of loans. From the information we have it is difficult to tell which item is omitted. Our suspicion is that the above figures show direct aid shipped on loans, but not indirect PVO aid. The figures also show a bit more emphasis towards Africa and Latin America, and less towards Asia and the Near East, but the shift is slight and only over a two year period. Finally, the figures do not take into account bilateral aid, and AID aid, so that what is omitted in one category might be replaced by aid in another to bring a particular region or country up to the desired level of overall aid.

(b). By country.

As for countries, the budget projections for FY 1981 show the following distribution (omitting countries under \$15 million).

Region Country	Millions of Dollars
Africa	
Somalia	15.0
Sudan	25.0
Asia	
Bangladesh	72.8
Indonesia	50.0
Korea*	27.0
Pakistan	50.0
Sri Lanka	18.2

COUNTRY DISTRIBUTION OF P.L. AID (continued)

Region	Millions of Dollars
<u>Country</u>	
Latin America	
Bolivia	18.4
Dominican Republic*	15.0
Nicaragua	15.0
Peru*	20.0

Note: (*) - Countries which are not on on the least of "poor" countries below the poverty level of \$680 per capita annual income as defined by the World Bank - i.e., the LLDCs - the least less developed countries.

c. Combined PL 480 and AID Aid Distribution by Country and Region.

Now these figures fof P.L. 480 Aid and the prior figures for AID aid alone do not show which countries we are favoring. To do this, we have combined the figures for both P.L. 480 aid and regular AID aid for all countries who have receive at least \$15.0 million of one or the other as follows: (We have also added ESF (Emergency Special Fund aid for Egypt, Israel and Turkey).

COMBINED AID & PL 480 BILATERAL FOREIGN AID

FY 1981

(Millions of Dollars)

Region - Country	AID	PL 480	Combined PL 480 and AID
Africa			
Kenya	35.2	11.0	46.2
Somalia	-	15.0	15.0
Sudan	21.7	25.0	46.7
Tanzania	23.4	7.5	30.9
Mauretania	15.8	-	15.8
Upper Volta	15.6	-	15.6
Lesotho	15.7	-	16.7
Asia			
Bangladesh	105.0	72.8	179.8
India	135.0	-	135.0
Indonesia	100.0	50.0	150.0
Korea	-	27.0	27.0
Pakistan	-	50.0	50.0
Phillipines	39.5	-	39.5
Sri Lanka	18.2	46.7	64.3
Thailand	27.0	-	27.0
Latin American			
Bolivia	27.5	18.4	45.9
Dominican Rep.	22.3	15.0	37.3
El Salvador	18.2	-	18.2
Jamaica	22.3	-	22.3
Nicaragua	15.0	19.5	34.5
Peru	30.5	20.0	50.5
Near East			
Egypt	850.0*	288.4	1138.4
Israel	785.0*	-	785.0
Tunisia	25.1	-	25.1
Turkey	200.0*	-	200.0
Yemen	16.4	-	16.4

Note: (*) - ESF (Emergency Special Fund Aid).

Thus, the most favored countries in terms of bilateral foreign aid for FY 1981 are listed in order as follows:

Country	Total Amount of AID and PL 480 Aid Combined (Millions of Dollars)
Egypt	1138.4*
Israel	785.0*
Turkey	200.0*
Bangladesh	177.8
Indonesia	150.0
India	135.0
Sri Lanka	64.3
Peru	50.5
Pakistan	50.0
Sudan	46.7
Kenya	46.2
Bolivia	45.9
Phillipines	39.5
Dominican Republic	37.3
Nicaragua	34.5
Tanzania	30.4
Korea	27.0
Thailand	27.0
Tunisia	25.1
Jamaica	22.3

Those countries under \$22.3 million not listed

Note: (*) - Beneficiaries of ESF Aid (Emergency Special Fund).

It is hard to say that any particular pattern of favoritism emerges from this list. Undoubtedly, if countries were listed by aid per capita, the order would be quite different. And this list takes no account of multilateral foreign aid, so that it is hard to tell whether the U.S. has a policy of filling gaps left in multilateral aid.

d. OPIC.

We do not have current financial statements of OPIC.

It has currently the following capitalization broken down into components as follows:

Capital (For direct investments)	\$ 40 million
Insurance reserve (for insurance)	120
Loan Reserves	<u>44</u>
Total	204

It is authorized an additional insurance reserve of \$100 million, but no appropriation has been made; likewise, it is authorized an additional capital of \$10 for direct investment, but no appropriation has been made. In 1971, all assets and liabilities of predecessor programs were transferred to OPIC in the amount of \$8.4 billion in insurance, with loan guarantees of \$169 million. It is presently limited to \$7.5 billion in insurance in force. It has apparently operated at a profit for the past several years.

6. Personnel.a. IDCA.

The staff (authorized ?) is only 56. Although it is stated in the Task Force report that several of these positions are replaceable, (4 Presidential appointments, 4 Schedule C appointments, 14 Presidential appointments not requiring confirmation - as distinguished from the 4 above who do require confirmation and additional 12 SES positions, of whom 7 SES- general and replaceable in some circumstances). But we have difficulty in identifying these positions from the attached personnel list. We identify three Presidential appointments as follows:

Director
Deputy Director
General Counsel (?)

There are three Schedule C appointments as follows:

Personal Assistant to the Director
Personal Assistant to the Deputy Director
Executive Assistant to the Director of the Office of
Legislative and Public Affairs

There are two SES-General positions as follows:

Assistant Director for Legislative and Public Affairs
Deputy Association Director for Policy and Budget

in addition to these 8 positions, there are another 19 "AD" - or administratively determined positions. They are marked "AD" in the left-hand column of the list which follows, or "A" in the left hand margin.

IDCA DIRECTOR'S OFFICE STAFF

CURRENT STAFF^{1/}OFFICE OF THE DIRECTOR

P Director	Thomas Ehrlich	EL II (PAS)
P Deputy Director	Guy F. Erb	EL III (PAS)
-Special Asst. to the Director	Peter Quandt	GS 12 (Career FSO on detail from State)
C Personal Asst. and Secretary to the Director	Irene Derr	GS 12 (Sch. C) (Career Status)
C Personal Asst. and Secretary to the Deputy Director	Margaret Furr	GS 11 (Sch. C) (Career Status)
Secretary, Executive Office of the Director	Barbara Clary	GS 9

OFFICE OF THE GENERAL COUNSEL

P? General Counsel	Jonathan B. Marks	SES 6 (non-career)
Staff Attorney	John Hardy	GS 14 (Sch. A)
A Staff Attorney	Edith Clarke	AD 11 (Detail from AID)
Secretary	Ellen M. Mehu	GS 8
Secretary	Monica O. Newman	GS 7

OFFICE OF ADMINISTRATION

A Assistant Director	Mary Leyland	SES 6
A Deputy Asst. Director	Sylvia Rosemergy	AD 16 (SES appointment pending at OPM) (Reemployment Rights ACTION) ^{3/}
A Chief, Executive Secretariat	Russell Pritchard	AD 12
A Executive Assistant	Patricia Taylor	AD 11 (Reemployment Rights ACTION)
Document Control Officer	Susanne Richmond	AD 12 (Reemployment Rights ACTION)
Information Control Officer	Christine Adamczyk	GS 9
Secretary	Alexis Meholic	GS 5
Clerk Typist	Andrew Luck	GS 4 (part-time)
Clerk Typist	Lillian Perez-Velasquez	GS 4 (part-time)
Driver	Willis Robinson	WG 5

^{1/} Employees have career status in IDCA/DO except as otherwise indicated.

"Career Status" indicates that employee has status in the competitive civil service.

^{3/} "Reemployment Rights" indicates that employee has status in the competitive civil service and reemployment rights to the indicated agency.

OFFICE OF LEGISLATIVE AND PUBLIC AFFAIRS

G Asst. Director for Legislative and Public Affairs	Roger Cochetti	SES6(Non-career)
A Deputy Asst. Director for Legislative Affairs	Robert Hayden	AD 15
A Deputy Asst. Director for Public Affairs	Ruth Thompson	AD 15
C Executive Assistant	Kim Baumgartner	GS 11 (Sch, C)
Secretary	Jeal Gild	GS 8
Secretary	Robin Renrick	GS 5
Program Analyst	Mary Jane Heyl	GS 15 (Temp.)
Clerk Typist	Georgia Sambunaris	GS 4 (part-time)

OFFICE OF THE ASSOCIATE DIRECTOR FOR POLICY AND BUDGET

A Associate Director (Acting)	Jessica Einhorn	AD 17 (career status)
G Deputy Assoc. Director (Acting)	Leah Wortham	SES 5 (non-career)
A Program Analyst	Reba Carruth	AD 9
Secretary	Carol Stillwell	GS 8
Secretary	Ruth Davis	GS 8
Secretary	Mary Brock	GS 7

OFFICE OF BUDGET

Budget Coordinator	Ruth Greenstein	SES 2
Advisor	Mary Chambliss	GS 15
Advisor	Michael Stack	FR 3 (AID Detail)
A Program Analyst	Ruth Good	AD 11
Secretary	Pearl Murdock	GS 8
Secretary	Harriet Harley	GS 6 (part-time)

OFFICE OF INTERNATIONAL ECONOMIC AND MONETARY AFFAIRS- MULTILATERAL BANKS AND INTERNATIONAL MONETARY FUND OFFICE

A Sr. Advisor/Coordinator	Van Dyne McCutcheon	AD 15 (SES appointment pending at OPM) (Reemployment Rights Treasury)
A Program Analyst	Steven Tvardek	AD 14 (Reemployment Rights Treasury)
A Program Analyst	Carol Grigsby	AD 11
Secretary	Lorraine Clarke	GS 7

- INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

A Advisor	Larry Rosen	AD 15 (Eligible for conversion to GS)
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- PRIVATE INVESTMENT

A Advisor	Sharon Freeman-Horton	AD 13
Secretary	Sharon Treahy	GS 5 (Temp.) (Career status)

- TRADE

Advisor	Henry Berchoff	AD 14 (Reemployment Rights Treasury)
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OFFICE OF COUNTRY POLICY AND PROGRAM ANALYSIS

Coordinator	Robert Muscat	FR 2
Economist	Carl Penndorf	FR 5 (AID detail)
Secretary	Yvonne Schneider	GS 6

OFFICE OF UNITED NATIONS DEVELOPMENT PROGRAMS-NORTH/SOUTH ISSUES

A Senior Advisor	Catherine Gwin	AD 15
A Program Analyst	Patricia Feldman	AD 9

OFFICE OF SECTORAL ADVISORS- ENERGY

A Senior Advisor	Charles Blitzer	AD 15
A Program Analyst	Julie Martin	AD 9
Secretary	Wilhelmina Johnson	GS 7

- POPULATION/HEALTH

Senior Advisor	Barbara Herz	SES 2
Secretary	Catherine Smith	GS 7

- AGRICULTURE/RURAL DEVELOPMENT

Senior Advisor	Antonio Gayoso	GS 15
Secretary	Ruth Wilson	GS 6

OFFICE OF COMPONENT COORDINATION/SCIENCE & TECHNOLOGY ISSUES

Coordinator	Curtis Farrar	SES 4
Advisor	Frances Li	GS 14
Secretary	Normajean Freeland	GS 8

b. AID.i. General.

There are presently about 7,788 full-time employees with AID. This is down from a peak of 18,000 in 1968. There were 5,940 direct hire employees, and 1,848 working under contract, or a total of 7,788.

Complete cross-classification of these employees has not been provided

However, the following figures may of of interest:

Direct hire	
Washington	2,552
U.S. National Abroad	1,518
Aliens Abroad	<u>1,870</u>
Total Direct Hire	5,940
Contract Hire	<u>1,848</u>
Total	7,788

By civil service-foreign service classification, the personnel are divided as follows:

Civil Service	1,871
Foreign Service	
abroad	1,534 est.
at home	<u>511 est.</u>
	2,054
Other direct hire	2,015
Contract	<u>1,848</u>
Total	7,788

ii. Replaceability of Personnel.

According to the information provided there are 11 Presidential-confirmation appointments, and 10 Schedule C positions. In addition, the heads of missions are replaceable (there are 80 missions abroad including delegations to international economic and regional development organizations). As for SES positions, there are 55 of these, of which only 8 are non-career positions. And lastly there are 110 AD positions (as to which the Director has full discretion in filling), of which 51 are at the GS 16-18 level, and 59 are GS 15 or lower. Only 75 of these 110 AD positions are currently filled, leaving 35 vacancies to be filled immediately.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Administrator	DOUGLAS J. BENNET, JR.
Deputy Administrator	JOSEPH C. WHEELER.
Special Assistant and Executive Secretary	DOUGLAS J. CLARK, Acting.
Executive Director, Board for International Food and Agricultural Development Support Staff	ELMER R. KIEHL.
Auditor General	HERBERT L. BECKINGTON.
Assistant Administrator for Legislative Affairs	GENTA A. HAWKINS.
Deputy Assistant Administrator	HERBERT A. JOLOVITZ.
Director, Office of Public Affairs	JAMES W. McCULLA.
Deputy Director	CHRISTINE CAMP.
General Counsel	NORMAN L. HOLMES.
Deputy General Counsel	KELLY C. KAMMERER.
Director, Office of Personnel Management	EDNA A. BOORADY.
Deputy Director	RICHARD W. PARSONS.
Chief, Labor Relations Staff	JAMES KRAUS, Acting.
Director, Office of Equal Opportunity Programs	PAULINE G. JOHNSON.
Director, Office of Small and Disadvantaged Business Utilization	RAYMOND C. MALLEY.
Controller, Office of Financial Management	M. DOUGLAS STAFFORD.

AID (continued)

Assistant Administrator for Program and Policy Coordination	ALEXANDER SHAKOW.
Deputy Assistant Administrator	CHARLES D. PAOLILLO.
Associate Assistant Administrator for Planning and Budgeting	ROBERT C. SIMPSON.
Associate Assistant Administrator for Policy Development and Program Review	BARRY SIDMAN.
Associate Assistant Administrator for Evaluation	ROBERT J. BERG.
Coordinator for Women in Development	ARVONNE FRASER.
Director, Office of Economic Affairs	CONSTANTINE MICHALOPOULOS.
Director, Executive Management Staff	MERRIAM J. WOODHOUSE.
Assistant Administrator for Development Support	SANDER M. LEVIN.
Director, Office of Program	BERNARD CHAPNICK.
Director, Office of Management	MARGARET H. THOME.
Director, Office of Development Information and Utilization	LIDA L. ALLEN.
Deputy Assistant Administrator for Food and Nutrition	EUGENE N. BABB.
Director, Office of Agriculture	RICHARD R. SOLEM, Acting.
Director, Office of Title XII Coordination and University Relations	ERVEN J. LONG.
Director, Office of Nutrition	MARTIN J. FORMAN.
Director, Office of Rural Development and Development Administration	HARLAN H. HOBGOOD.
Deputy Assistant Administrator for Development Technology	(VACANCY).
Director, Office of Urban Development	WILLIAM R. MINER.
Director, Office of Science and Technology	WILLIAM M. FELDMAN, Acting.
Director, Office of Housing	PETER M. KIMM.
Director, Office of Engineering	FRANK A. DiMATTEO.
Director, Office of Energy	ALAN B. JACOBS.
Deputy Assistant Administrator for Human Resources Development	STEPHEN C. JOSEPH.
Director, Office of Education	DAVID SPRAGUE, Acting.
Director, Office of Health	JOHN S. ALDEN.
Director, Office of Population	JOHN SPEIDEL, Acting.
Director, Office of International Training	WILLIAM SMALL, Acting.
Assistant Administrator for Private and Development Cooperation	CALVIN H. RAULLERSON.
Deputy Assistant Administrator	FREDERICK SIMMONS.
Director, Office of Program and Management Support	JIMMY O. PHILPOTT.
Director, Office of Private and Voluntary Cooperation	THOMAS H. FOX.
Coordinator, Office of Food for Peace	KATHLEEN S. BITTERMANN.
Coordinator, Office of Reimbursable Development Programs	DAVID RAYMOND, Acting.
Director, Office of U.S. Foreign Disaster Assistance	JOSEPH A. MITCHELL.
Director, Office of Labor Affairs	HARRY POLLAK.
Director, Office of American Schools and Hospitals Abroad	DAVID A. SANTOS.

AID (continued)

Assistant Administrator for Program and Management Services	DONALD G. MACDONALD.
Deputy Assistant Administrator	JOHN F. OWENS.
Director, Office of Management Planning	PHYLLIS A. DROHAT.
Director, Office of Management Operations	C. DAVID McMAMIN, JR.
Director, Office of Data Management	JAMES T. McMAHON.
Director, Office of Contract Management	HUGH L. DWELLEY.
Director, Office of Commodity Management	WILLIAM C. SCHMEISSER, JR.
Coordinator, Italian Earthquake Reconstruction Program	ARTURO G. COSTANTINO.
Assistant Administrator for Africa	GOLER T. BUTCHER.
Deputy Assistant Administrator	W. HAVEN NORTH.
Associate Assistant Administrator for Development Planning	ROY A. STACEY.
Director, Office of Development Resources	JOHN W. KOEHRING.
Director, Office of Eastern Africa Affairs	HARIADENE JOHNSON.
Director, Office of Regional Affairs	E. DENNIS CONROY.
Director, Office of Central Africa Affairs	OWEN J. LUSTIG, Acting.
Director, Office of Coastal West Africa Affairs	FERMINO SPENCER.
Director, Office of Sahel and Francophone West Africa Affairs	JIM M. KELLY.
Director, Office of Southern Africa Affairs	MARTIN V. DAGATA,
Executive Director, Executive Management Staff	DAVID G. MEIN.
Assistant Administrator for Asia	JOHN H. SULLIVAN.
Deputy Assistant Administrator	FREDERICK SCHIECK.
Director, Office of Development Planning	ROBERT HALLIGAN.
Director, Office of Project Development	DENNIS BRENNAN.
Director, Office of Technical Resources	THOMAS M. ARNDT.
Director, Office of Pakistan, Nepal and Sri Lanka Affairs	BRYANT GEORGE.
Director, Office of Bangladesh and India Affairs	JOAN DUDIK-GAYOSO, Acting.
Director, Office of Philippines, Thailand and Burma/Indochina Affairs	DENNIS M. CHANDLER.
Director, Office of Indonesia and South Pacific/ASEAN Affairs	HARRY J. PETREQUIN, JR.
Director, Executive Management Staff	FRED C. FISCHER.
Assistant Administrator for Latin America and the Caribbean	EDWARD W. COY, Acting.
Deputy Assistant Administrator	EDWARD W. COY.
Director, Office of Development Programs	DAVID LAZAR.
Director, Office of Development Resources	MARSHALL D. BROWN.
Director, Office of Caribbean Affairs	EMERSON J. MELAVEN.
Director, Office of South American Affairs	RICHARD F. WEBER.
Director, Office of Central American and Panamanian Affairs	ROBIN GOMEZ.
Director, Executive Management Staff	DAVID E. CARTER.
Assistant Administrator for Near East	ALFRED D. WHITE, Acting.
Deputy Assistant Administrator	BRADSHAW LANGMAID, JR., Acting.
Director, Office of Development Planning	BRADSHAW LANGMAID, JR.
Director, Office of Project Development	SELIG A. TAUBENBLATT.
Director, Office of Technical Support	CHARLES B. WEINBERG.
Director, Office of Near Eastern/North African Affairs	MARY K. HUNTINGTON, Acting.
Director, Office of Egypt/Israel Affairs	GERALD L. KAMENS.
Director, Office of Jordan/Lebanon/Syria Affairs	BLAINE C. RICHARDSON.
Director, Executive Management Staff	ALBERTA P. TALBERT.

AID (continued)

Missions, Offices, Sections of Embassy, and Selected Regional Organizations

(MD: Mission Director; D: Director; DR: Office Representative; AD: Affairs Officer for Section of Embassy; RDO: Regional Development Officer)

Country	Officer in Charge	Country	Officer in Charge
Bangladesh/Dacca.....	Frank B. Kimball (MD).	Kenya/Nairobi.....	Glenwood P. Roane (MD).
Bolivia/LaPaz.....	Abe M. Pena (MD).	Korea, Republic of/ Seoul.....	William E. Paupe (OR).
Botswana/Gaborone.....	Louis A. Cohen (MD).	Lebanon/Beirut.....	Peter M. Cody (AO).
Brazil/Brasilia.....	(Vacancy) (AO).	Lesotho/Maseru.....	Frank D. Correl (MD).
Burma/Rangoon.....	Dzvid N. Merrill (OR).	Liberia/Monrovia.....	Remo R. Garufi (MD).
Burundi/Bujumbura.....	Terry Lambacher (AO).	Malawi/Lilongwe.....	Vivian C. Anderson (OR).
Cameroon/Yaounde.....	James E. Williams (MD).	Mali/Bamako.....	Ronald D. Levin (MD).
Caribbean/Bridgetown, Barbados.....	William B. Wheeler (D).	Mauritania/Nouakchott.....	John A. Hoskins (MD).
Chad/N'Djamena.....	David M. Wilson (MD).	Morocco/Rabat.....	Harold S. Fleming (MD).
Chile/Santiago.....	Dick F. Apodaca (OR).	Nepal/Kathmandu.....	Samuel Butterfield (MD).
Colombia/Bogota.....	Jerry B. Martin (OR).	Nicaragua/Managua.....	Lawrence E. Harrison (MD).
Costa Rica/San Jose.....	Stephen P. Knaebel (MD).	Niger/Niamey.....	Jay P. Johnson (MD).
Cyprus/Nicosia.....	(Vacancy) (AO).	Nigeria/Lagos.....	(Vacancy) (AO).
Djibouti/Djibouti.....	Karl L. Mahler (AO).	Pakistan/Islamabad.....	Art Handley (MD).
Dominican Republic/ Santo Domingo.....	Philip R. Schwab (MD).	Panama/Panama City.....	Aldelmo Ruiz (MD).
Ecuador/Quito.....	John A. Sanbrailo (OR).	Paraguay/Asuncion.....	Paul A. Montavon (MD).
Egypt/Cairo.....	Donald S. Brown (MD).	Peru/Lima.....	Leonard Yeager (MD).
El Salvador/ San Salvador.....	Charles J. Stockman (MD).	Philippines/Manila.....	Anthony Schwarzwald (MD).
Ethiopia/Addis Ababa.....	George T. McCloskey (MD).	Portugal/Lisbon.....	Donald R. Finberg (AO).
Fiji/Suva.....	Robert V. Craig (RDO).	Rwanda/Kigali.....	Eugene R. Chiavaroli (AO).
Gambia/Banjul.....	Thomas A. Moser (OR).	Senegal/Dakar.....	David Shear (MD).
Ghana/Accra.....	Irvin D. Coker (MD).	Sierra Leone/Freetown.....	Robert W. Huddleston (AO).
Guatemala/Guatemala City.....	Eliseo Carrasco (MD).	Somali Republic/ Mogadiscio.....	Charles P. Campbell (MD).
Guatemala (ROCAP).....	Harry Ackerman (D).	Sri Lanka/Colombo.....	Sarah Jane Littlefield (MD).
Guinea/Conakary.....	Walter J. Sherwin (AO).	Sudan/Khartoum.....	Gordon K. Pierson (MD).
Guinea-Bissau/ Cape Verde.....	James Maher (OR).	Swaziland/Mbabane.....	Julius E. Coles (MD).
Guyana/Georgetown.....	Donor M. Lion (MD).	Syria/Damascus.....	Miles G. Wedeman (MD).
Haiti/Port-au-Prince.....	Allan R. Furman (MD).	Tanzania/Dar es Salaam.....	Howard L. Stevenson (MD).
Honduras/Tegucigalpa.....	John R. Oleson (MD).	Thailand/Bangkok.....	Donald D. Cohen (MD).
India/New Delhi.....	Pricilla M. Boughton (MD).	Togo/Lome.....	John Lundgren (OR).
Indonesia/Jakarta.....	Thomas C. Niblock (MD).	Tunisia/Tunis.....	William F. Gelabert (MD).
Italy/Friuli.....	Eugene W. Moore (OR).	Turkey/Ankara.....	(Vacancy) (AO).
Jamaica/Kingston.....	Glenn O. Patterson (MD).	Uganda/Kampala.....	Charles R. Grader (MD).
Jordan/Amman.....	Edgar C. Harrell (MD).	Upper Volta/Ouagadougou.....	Richard C. Meyer (MD).
		Yemen Arab Republic/Sana'a.....	Robert G. Huesmann (MD).
		Zaire Republic/Kinshasa.....	Norman L. Sweet (MD).
		Zambia/Lusaka.....	John A. Patterson (OR).

Regional Economic Development Services Offices

Kenya/Nairobi (REDSO/EA).....	Alexander R. Love.
Ivory Coast/Abidjan (REDSO/WA).....	Gordon W. Evans.

U.S. Missions to International Organizations

Office of the Chairman of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD)—Paris, France.....	John P. Lewis.
Office of the U.S. Representative to the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD)—Paris, France.....	Lloyd Jones.
Office of the AID Coordinator/U.S. Mission to International Organizations—Geneva, Switzerland.....	James E. Hill.
Office of the AID Coordinator/U.S. United Nations Educational Scientific and Cultural Organization (UNESCO)—Paris, France.....	William Lowenthal.
Office of the AID Coordinator/African Programs—Paris, France.....	Norman Schoonover.
Office of the U.S. Director, Asian Development Bank—Manila, The Philippines.....	John Babylon.
Office of Development Affairs, World Food Program and Food and Agriculture Organization (FAO)—Rome, Italy.....	Irving Rosenthal.

c. OPIC.

As indicated in our discussion of organization, OPIC has an authorization of 132 staff, of which 13 are presently vacant.

There are 11 members of its board of directors, in addition to the ex officio members. As we understand it, the terms of four directors have expired, and President Carter has attempted to fill these positions, but apparently his nominations were not confirmed. In addition, there are two expirations on December 17, 1981. Hence within the year President Reagan will have the opportunity to control the 13-member Board.

In addition, we understand the President has the right to name the President and Executive Vice President (although we have not checked it out to see whether the law provides fixed terms for these officers.

There are also four positions in the General Counsel's office which the President can will, as well as 13 administratively determined positions, and some Schedule C positions. Lists of these positions were prepared by the Task Force team, but were not attached to the copy of the Task Report we have.

The current President of OPIC according to the press was a directly personal appointment by President Truman; he has the reputation of being an energetic administrator, but some of his actions were controversial.

d. IDCA - TDP.

This organization in ICDA has 22 authorized personnel as stated. The exact status as far as replaceability of its officers is undetermined at present. A list of its main personnel is attached. Since it is felt that the entire organization of private sector development should be completely reorganized, it might be well to wait until such reorganization had taken shape before trying to appoint suitable people here. The job and positions may be abolished shortly after appointments are made. It seems desirable, if possible, to replace the Director and Deputy Director of this Office as soon as possible, however.

U.S. Trade and Development Program
Dec 9, 1980-Staffing Pattern
22 Full Time (of which 3 vacant)
2 Part Time

Briefing Manual

Bilateral Foreign Aid

Page 60

<u>Functional Title</u>	<u>Incumbent</u>	<u>PSN: Title/Grade</u>	<u>Appointment</u>	<u>Comments</u>
Director	(Vacant) D Raymond Acting	Director/SES	SES	
Deputy Director	D Raymond	Deputy Director/SES	SES	
Assistant Director	F Stewart	Inv Prom Adv/FSR-01	FS	(To retire Dec. and see
	(D Levintow)	Asst Dir-Prog/FSR-02	FS	(Double-encumbered with
Reg Coordinator-Africa	R Dinkin	Int Coop Spec/GS-14	GS	
Attache'-Africa-Lagos	R Brougham	Inv Prom Adv/FSR-02	FS	(To retire Jan 1981-Re
				recruitment)
Reg Coordinator-LAC	J Sconce	Inv Prom Adv/FSR-02	FS	
Attache'-LAC (Temp Wash)	D Wachholz	Inv Prom Adv/AD-15	AD	
Attache'-LAC-Caracas	(M Cusack)	Inv Prom Adv/FSR-02	FS	(In Process)
Reg Coordinator-Asia	R Kranker	Asst Prog Off/FSR-03	FS	
Attache'-Asia-Hong Kong	L Sleeper	Inv Prom Adv/FSR-02	FS	
Reg Coordinator-Mid-East	R Bobel	Int Coop Spec/GS-14	GS	
Attache'-Mid-East (Temp Wash)	L Marinelli	Inv Prom Adv/FSR-02	FS	
Attache'-Asia (Temp Wash)	(Vacant)	Inv Prom Adv/FSR-02	FS	(Vice Sleeper, pending
Spec Proj Officer (Opns)	W Rosendahl	Int Coop Spec/AD-14	AD	
Prog Opns Asst-Finance	K Kosar	Prog Analyst/GS-11	GS Part time	
Dep Prog Opns Asst	J White	(Stride Program)		
Spec Asst (Leg/Pub Affs)	C Reames	Spec Asst/AD-13	AD	
Training Director	R Robinson	Prog Mgr/AD-15	AD	(Temporary Psn - Reap
Deputy Train Dir	S Mitchell	Prog Mgr/FSR-03	FS	(Temporary Psn - Reap
				ed yearly
				ed yearly
Secty to Director	(Vacant) H Murray Acting	Secty/Steno	GS	
Secty to Deputy	H Murray	Secty/Steno GS-7	GS	
Program Secty/Recept	M Sullivan	Clerk/Steno GS-5/6	GS	
Secty-Asia (Temp Wash)	D Glenn	Secty/Steno GS-6	GS	
Secty-AF/LAC	A Dunn	Secty/GS-4	GS	
Secty-(Pool)	B Crawford	Clerk/Typist GS-5/6	GS Part time	

II. LIST OF THINGS TO BE DONE WITHIN FIRST TEN DAYS.

A. Immediate Appointment of the Following Positions.

Director IDCA (International Development Cooperation Administration.

Deputy Director of IDCA

General Counsel of IDCA

Director of AID (Agency for International Development)

Deputy Director of AID

General Counsel for AID

President of OPIC (Overseas Private Investment Corporation)

General Counsel of OPIC

NOTE: I am not sure that the OPIC President can be replaced, since this is a corporation, and he may be appointed by the Board of Directors, still controlled by Carter appointees. But this is an important agency, and should be taken over as soon as possible.

B. Review of 1981 FY Budget for Last Minute Changes.

While the Task Force did not indicate any areas which need attention in the 1981 FY Budget, at least some inquiry should be made so that unnecessary expenditures can be killed, or urgently needed expenditures authorized and appropriated. In this connection, since we think that some fundamental structural changes are needed in the entire bilateral foreign aid system, it should be ascertained that sufficient personnel are available to prepare the staff studies preparatory to these changes. Undoubtedly, the general counsel's offices in these agencies will be useful in preparing these studies and statutory changes. Perhaps a number of positions should be authorized here or in the program and planning bureaus of the agencies involved.

C. News Conference by new IDCA Director and/or new AID Director
on fundamental changes in policy of the Reagan Administration with respect to bilateral foreign aid, to wit:

1. Vigorous support of "private foreign aid", i.e., U. S.
investment in developing countries, as more effective in its results than government-to-government aid. Of course, one has to be careful in a time of deficient capital investment at home not to indicate that we are depleting necessary private investment resources for diversion abroad. But we can indicate the philosophy of the Reagan Administration towards foreign aid.
2. Foreign aid is an instrument of U. S. Foreign Policy.

We should make it clear that foreign aid is not a "mindless" form of charity, but should strengthen the achievement of the aims of U. S. Foreign Policy. It does not exist for the purpose of strengthening our enemies, and punishing our friends because they do not please us in every way. Of course, we are sympathetic to the needs of the developing nations, but we are more sympathetic if they are friendly.

Caution: Since the present statutory restraints and constraints on foreign aid may require that we ignore foreign policy goals in disbursing foreign aid, the new administrator does not want to give the impression that he is ignoring statutory requirements - so his remarks should clearly indicate that this is his policy "as far as statutory constraints permit."

3. That emphasis will be placed upon the original objectives of PL 480, and OPIC - namely U. S. trade and export development.
4. Legislation will be sought to conform the law to this new policy orientation. Let the public relations man in the agencies think up the right phrase - for Hubert Humphrey it was "new directions", and "human needs". For us it has to be "instrument of foreign policy" and "new policy" or something like that.

Comments on first ten days' actions, as applied to IDCA.

The Task Force documents recommended the eventual abolition of IDCA, and consequently, the non-replacement of officials in IDCA. There is danger in this policy. As presently constituted, IDCA is from the statutory point-of-view a very powerful agency, and its recommendations are binding not only on the agencies beneath it (such as AID, OPIC, etc.), but on other agencies in other Departments (such as Agriculture, etc.) We feel it is very important to "take control" first, and then to worry about the ultimate administrative configuration of the bilateral foreign aid program, or its ultimate top administrative personnel. It may be that to get good men to go into IDCA, it may be necessary to promise them that even if their position are ultimately abolished, they will get good positions elsewhere after things get "shaken down."

D. Start Planning Process for IDCA and AID Participation in International Development Conferences and Decisions to be Taken in Early 1981. (See pages 77 and 78.)

There will be several international conferences on aid, both bilateral and multilateral, which will be held in early 1981. The Directors should start the planning process to determine their participation in these conferences and the policy positions, if any, which they will take in them. This will require coordination with multilateral aid officials in the U.S. Department of the Treasury and other officials.

III. LIST OF THINGS TO BE DONE WITHIN FIRST 100 DAYS.

A. Appoint all Senior administrative positions.

All senior administrative positions in the agencies involved should be replaced with individual who are willing to carry out the "new policy" of the Reagan Administration. It is important to have officials in key positions who understand the Reagan approach to foreign aid, and are sympathetic to it. In particular, it is important to replace the Bureau heads, and the lawyers in the general counsel's offices. In our judgement there is less risk from difficulties created by inexperienced top personnel, than there is from obstructionist personnel who are unsympathetic with the Reagan approach and determined to frustrate the changes sought by the Reagan Administration. There are plenty of knowledgeable foreign aid experts, and international economists, and international affairs experts, both within and outside the government to staff the senior positions with top people.

B. Review the Qualifications of Replaceable Third-level Officials.

Obviously, in view of the number of positions involved in IDCA, AID, OPIC, TDP, etc., it would be a major problem to replace all of them with suitable people immediately, and there are talents and knowledge in the present organizations which should be kept and utilized. But we place a very high priority in getting people at the top levels in these organizations who are sympathetic and understanding of the new policy of the Reagan administration. Major changes are required and cannot be planned and implemented without qualified and sympathetic personnel.

The replacement of third level personnel should be completed within 180 days from the time the Reagan Administration takes office so that after August 1, 1981, at the latest, it has a full-team in place ready to go to complete the planning and then the implementation of the new policy of the Reagan Administration. We cannot say only implementation after 180 days, because some of the required changes will need legislation, and thorough study of reorganization problems. A reorganization of an agency of 8,000 persons, like AID, cannot be done in just 180 days.

C. Review 1982 FY Budget.

In our overview part of this Briefing Manual, we had not set forth the budget plans of the Carter Administration for FY 1982 and FY 1983. We attempted there to make it possible to get a firm and clear grasp on the existing FY 1981 situation, without worrying about the future plans of the Carter Administration. There is some fat to be squeezed out of the Carter budgets for FY 1982 and FY 1983. The Carter Administration planned continuation of the present level of spending, or a bit less, in the bilateral foreign aid sector for FY 1982 and FY 1983. The authority and outlay budgets are set forth for the relevant components below:

AUTHORITY BUDGETS

Organization	1981 FY \$ Millions	1982 FY \$ Millions	Percent Increase
IDCA/AID overhead	294	335	13%
AID operational	1592	1969	24%
ISTC*	95	120	26%
International Organizations	244	280	15%
Total	2225	2704	22%

OUTLAY BUDGETS

(Millions of Dollars)

Organization	FY 1981	FY 1983	Percent Increase
IDCA/AID Overhead	285	331	16%
AID Operational	1185	1487	26%
ISTC*	32	88	27%
International Organizations+	247	270	9%
OPIC	(52)	(58)	-
IFAD*	40	40	-
	1737	2158	24%
PL 480 Expenses			
Gross	1615	1800	12%
Repayments	(462)	(525)	(15%)
Total	1153	1275	11%

Notes: (*) ISTC and IFAD are not operational. We have the impression (to be verified) that Congress refused to fund ISTC, and that this is consequently a dead letter. Also, it appears that IFAD was not funded by Congress.

(+) OECD, Geneva, UNESCO, ADB, FAO, etc. The details for these expenditures have not been unearthed by us, but appears in the Department of State - ICDA Budget.

Although the above Budget review does not disclose any out-of-routine increase or decrease from current level of expenditures, the 1982 and 1983 FY Budgets merit close attention if the bilateral foreign aid program is changed - for example, if PL 480 aid is eliminated, or radically changed in structure, if the level of support for AID projects is reduced, and if the need for the elaborate AID structure disappears with a smaller staff because of larger but fewer aid projects. Obviously, budget changes cannot be made unless program changes are

decided upon. But the budget should be followed as soon and as closely as possible after budget changes are decided upon.

D. Prepare Legislation or Presidential Directive to Make Desired Organizational Changes.

According to the recommendations of this Briefing Manual, and also our own recommendations, the following things should be done with the organization of the bilateral foreign aid system:

1. Abolish IDCA.
2. Abolish Title III of P.L. 480.
3. Reorganize private foreign aid system.
4. Revise standards by which foreign aid projects are to be evaluated in line with new policy involving foreign aid as an instrument of foreign policy.
5. Reorganize all foreign aid - including both bilateral and multilateral foreign aid under a new Undersecretary of State.
6. Remove Office of International Cooperation and Development from U. S. Department of Agriculture, or at least cut AID off from any requirement to use it in determining PL 480 aid and agricultural loans and donations of food under PL 480. However, touch base with agricultural interests.
7. End restrictions on insurance and investment authority of OPIC.
8. Remove donation of PL 480 grain from PVOs, or reduce their participation.

Each one of these reorganization projects is a major one, and will require extensive study, and long reports, and drafting of complex legislation.

One must not underestimate the work involved. Most of these changes have been discussed to some degree in the Background section of this report, but some have not been discussed, or at least the rationale of them

not fully set forth.

We will therefore give some short discussion of each of them.

1. Abolish IDCA.

IDCA does nothing that AID did not do before, and it was supposed to coordinate both bilateral and multilateral foreign aid. As it is all of these functions could be done by AID, including coordinating bilateral and multilateral foreign aid. It just, for all practical purposes puts another layer of bureaucracy in the government. (See page 11 for IDCA chart.)

2. Abolish Title III of P.L. 480.

This is a relatively new program, being started only in 1977. the idea was the P.L. 480 was to become a development program, rather than a program to avoid starvation with surplus grain. What Title III does is to permit AID to use repayments from P.L. 480 - not for more loans or donations of grain, etc., but for improvement of local agriculture. Only foreign currency used in repayment is to be used for Title III projects. The vice of the procedure is not that the agricultural development projects are unworthy in and of themselves, but their mode of financing. If agricultural projects are really worthwhile financing, then let Congress appropriate new AID funds for them. There is no reason why PL 480 repayments should be recycled into further aid projects without going through a congressional appropriation. This same problem appears with the use of repayment of Title I loans for grain to be used for new loans for more grains. Repayments should be returned to the general fund of the U.S. Treasury, and then worthy projects refunded out of general

appropriations. What the whole procedure amounts to is a deception on the American taxpayer, who is deceived into thinking he is putting up less money than he really is, because he is told only about the new funds required for foreign loans, but not about the repayments which are being reloaned.

3. Reorganize Private Foreign Aid System.

The new policy of the Reagan Administration will be to encourage private foreign aid - i.e., American private investment abroad, as the most effective form of foreign aid, since it strengthens the private market system which experience has shown since the end of World War II is the only really effective system for alleviating poverty in the developing countries.

There are several agencies in the U. S. government which can assist the private sector in aiding the development of developing nations viz., TDP, OPIC, Export-Import Bank, etc. But the Export-Import Bank has been left out of this system under the present organization. And OPIC and TDP report separately to the Director of IDCA. Should OPIC take over the TDP function? Why not, since OPIC already has responsibility for making direct investments in developing nations? However, the difficulty is trying to make export stimulus functions into development functions.

The matter needs considerable study. The problem is one which should really be studied in a larger context - namely, not what sort of development does the United States want among the developing nations, but what sort of international economy does the U. S. want. The U. S. has

gone about the matter in a sort of absent-minded way. The post-World War II policy of increased world trade, convertible currencies, etc., has now reached a point of disintegration. The U. S. has in the last decade become increasingly dependent upon world trade with rising shares of exports and imports as a proportion of its GNP. This would be true without the oil price rises, which have only brought the process to a critical point. The questions have to be faced are: (1) Does the U. S. really want its economy to be increasingly dependent upon world trade - assuming the increase in prosperity is only small, and (2) (the U. S. may have no choice in it) Must the U.S. develop exports in order to maintain its currently level of prosperity? When these larger policy issues have been settled, then the government can decide what is the proper role of private business in this picture, and what government policies and agencies are required to further this assigned role of private business. It is suspected that this will mean export encouragement and that TDP, OPIC and the Export-Import Bank all have a part to play in this situation. The development role of these agencies will be minimized when such a new policy is completely developed, and in this event, the activities of TDP, OPIC, and the Export-Import Bank, and other agencies involved with the encouragement of exports should be brought together under an undersecretary in either the Department of Commerce, or of State, or even Treasury.

In the meantime, it seems that OPIC should adsorb the TDP from IDCA.

4. Revise Standards by Which Foreign Aid Projects Are to Be Evaluated.

At present under the Humphrey "new directions" and "human needs" criteria embodied into law, it is very difficult to take American foreign policy interests into account in awarding foreign aid. Of course, it is true that there are sometimes specific statutory provisions which prohibit aid to certain named countries, or to "Communist countries", or to countries which violate the Hickenlooper amendment. But these restrictions can be evaded by a determined President and IDCA or AID administrator. From the viewpoint of the new policy of regarding foreign aid as an instrument of foreign policy, the present instrumental provisions are more of a hindrance than a help, and the other innumerable standards really prevent substantial aid from being used in an effective way. In other words, we can usually find a way to punish a countries which misbehaves (and there is sharp dispute about whether the Carter Administration punished the right countries in his four years in office), but there is no effective way to reward friends in a massive way. It is true that this defect is alleviated somewhat by the ESF (Emergency Special Funds) for Egypt, Israel, Tunisia, and Turkey, but such nations get specifically to the attention of Congress, but when more routine situations arise, the President cannot step in with aid funds to prevent a situation from getting so bad it gets to the attention of Congress for an ESF appropriation - which means that ESF money gets to the critical country about two years after it is really needed to serve a foreign policy goal.

Now the matter is very touchy. Because those who have lobbied hard

years to get the new directions and human needs orientation into foreign aid are not about to let the pertinent legislative language be repealed. But an end run may be possible, but a provision which provides that all of the present tests must be considered (and why not), but that in the last analysis no AID project or PL 480 loan or grant can be approved without a specific finding by the AID Director that "the project, loan or grant serves an immediate, critical and vital interest of American foreign policy from an overall, comprehensive point of view." This should enable the Director to eliminate small, insignificant projects to countries we don't to help. This is only a suggestion, but it indicate the difficulty of the problem and the study which may be required to revise the present statutes. Anyway, there can be no real, permanent turnabout of the present bilateral foreign aid system without some such statutory change.

5. Reorganize All Foreign Aid in One Executive Department.

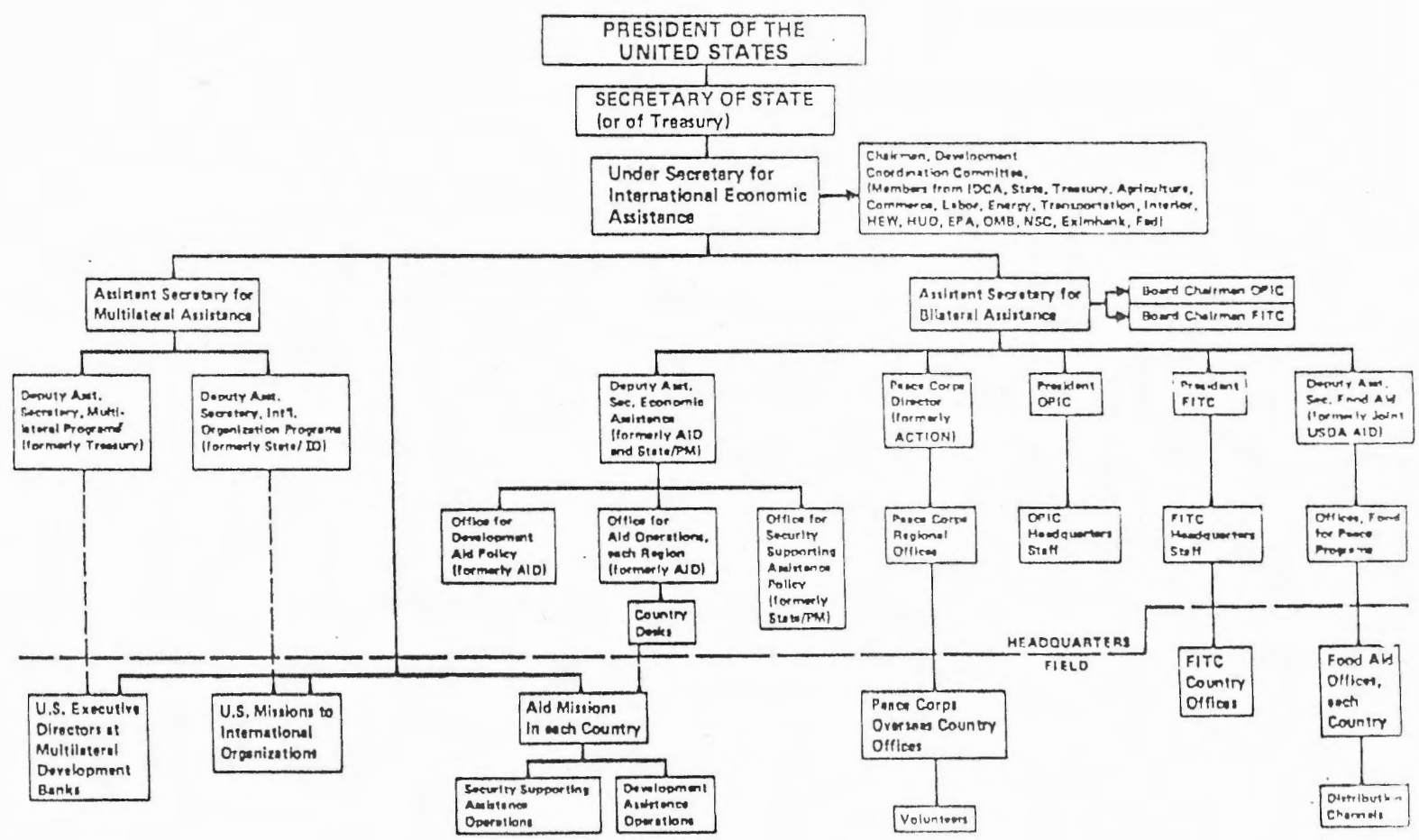
We don't want to get into the position of advocating another Humphreys-Brookings proposal. But the difficulty with the Humphrey-Brookings proposals was not that it sought to coordinate foreign aid, but that it sought to make it independent of foreign policy, and indeed of national control, and cut it off from the supervision of any executive department with normal responsibilities such as that of State, or Treasury, or Commerce, etc. In other words, what seems desirable here is to end the autonomy of AID and IDCA, etc., and place them under the executive direction of the Department of State with an Undersecretary for foreign aid, etc. The difficulty is that multilateral foreign aid is under the control of the Department of the Treasury. Eventually, it ought to

be decided whether foreign aid should be in State or Treasury, but it should not be divided between them. Since the magnitude of multilateral foreign aid is not so great as to disturb the international financial system, it seems that State, rather than Treasury is the appropriate place for it. Of course, there may be major political repercussions in trying to move multilateral foreign aid from Treasury, and if this is too ambitious for the present, one might settle for placing AID and the related agencies under an Assistant Secretary of State, and let the other issue ride for further study.

In this connection the reorganization of foreign aid under an undersecretary of state as proposed by the Task Force may be of interest. It is shown on the following page. We make no recommendation on it one way or the other, but it is included here as an illustration of what might be done to assure organizationally that foreign aid becomes an instrument of our foreign policy.

6. Remove OICD from USDA and Place in AID.

When Title III was passed in 1977, AID did not have sufficient technical staff to develop agricultural development programs. So an Office of International Cooperation and Development was created in the Department of Agriculture to provide this expertise. It already has a budget of \$3.6 million for FY 1981, and it was intended by the Carter Administration to swell to \$30 or \$40 million. (I cannot locate at the moment of writing this the document in which this was set forth so cannot give an exact figure. But this indicates the extent to which this new, and in our judgment, largely unnecessary activity is planned for



explosive growth. This should be choked off, either by bringing it into the AID system from the USDA, or by abolishing the office in the USDA. But there is a caution. The Director of IDCA, or AID, if he gets involved in this should make sure that he does not cross wires with important agricultural interests who want the continuance of ICDA in USDA. However, the repeal of Title III of PL 480 will end any need of AID for ICDA, and he can then let those concerned with the USDA worry about the long-term fate of ICDA.

7. End Restrictions on Insurance and Investment Requirements of OPIC.

At present OPIC cannot insure payment of investments except in developing countries, or make direct investments except under similar restrictions. There are other restrictions on OPIC. These restrictions should be removed in order to restore OPIC to its original function of provided political risk and non-convertibility insurance to American businesses. The real purpose of OPIC is export stimulation, not development, although, by increasing U.S. exports, and increasing world trade, it does its part in development indirectly.

8. Modify PVO System of Participation in Title II Program of P.L. 480 (Food for Peace Program).

We had not previously described the role of PVOs (like CARE) in the distribution of grain donated by the U.S. under P.L. 480. There are nine organizations presently approved as PVOs in the distribution of Title II grain. They are:

American Jewish Joint Distribution Service
Catholic Relief Services
Church World Service
CARE
Lutheran World Relief
Seventh Day Adventist World Service
American Council of Voluntary Agencies for Foreign Service
Cooperative League of the USA
(one is missing)

These agencies insist upon full independence from the U.S. government, and the government presently respects their independence. Our government thus gets very little credit for such P.L. 480 aid. At present about 70 percent of Title II aid is distributed by PVOs. The government must distribute about 1.3 million tons of Title II 1.6 million tons through PVOs. Thus little leeway is left with respect to grain donation for emergency disaster relief, or other foreign policy purposes. Should the role of PVOs be reduced, to give the government more leeway and flexibility, or should PVOs continue, but Title I reduced and Title II increased? In any event the matter should be studied.

Caution should be taken not to offend the powerful charities which now distribute Title II aid, beyond the necessary degree, if it is decided to change Title II aid distribution.

E. Resolve Line-Staff Conflict in AID Bureau of Development Support.

The Task Force Report says:

An interesting internal management conflict has arisen here between the Assistant Administrator (who has established multiple functional deputies) and more traditional AID staff who believe he should have a single line deputy and functional division heads.

We have no way of deciding who is right, but it appears that the new Director should inform himself of this matter, and resolve the conflict.

F. Review the Role of the Advisory Committee on Voluntary Foreign Aid, and then Seek Legislative Changes Indicated, and Appoint Suitable Persons to this Committee to Support Desired Policy.

This committee in a report in January, 1980, criticize the restrictions on Title II aid, since it said it ought not to be subject to the Hickenlooper Amendment, for example, and there was not enough autonomy for the PVOs. As we noted, the PVOs already have large autonomy, and a question in our mind has been raised about the suitability of private organizations carrying government charity (of course we do not to set up U. S. kitchens abroad either). The information we have indicates a review should be made of the whole PVO role, and then suitable policy and organizational decisions made.

G. Determination of Role and Participation In International Development Conferences to be Held in Early 1981.

Several international conferences on development problems will be held in early 1981. Among these are:

- (a) Conference on aid to Turkey, March, 1981
- (b) Conference in Zimbabwe on international development aid, both bilateral and multilateral, March 23-27, 1981.
- (c) Conference on replenishment of Asian Development Fund, March 16-19, 1981.

While some of these conferences may involve the primary responsibility of the U. S. Department of the Treasury which is responsible for U.S. participation in multilateral aid agencies, no doubt the IDCA and AID director will wish to take a position, and to be informed. And he should, in the light of the new policy of the Reagan Administration, make sure that those who formally represent the U.S. in the multilateral agencies

do not take positions which are inconsistent with those which the new IDCA and AID Directors are pursuing. No doubt immediate, high level conferences between the IDCA and AID Directors and Treasury Department officials who are responsible for U.S. participation in multilateral aid agencies is required.

In addition to these conferences, there are other matters for governmental decision in early 1981 which may affect the work of IDCA and AID. They are:

- (a) The decision on the World Bank request for a contribution from the U.S. to additional capital of \$3.2 billion in FY 1982.
- (b) Renegotiation of the international multifiber agreement, which expires December 31, 1981.
- (c) Decisions on support of and participation in new World Bank affiliate for energy.

IV. LONG-TERM GOALS, AND ELEMENT OF THE NEW POLICY ON FOREIGN AID OF THE REAGAN ADMINISTRATION.

AT the conclusions of this Briefing Manual, it is considered desirable to take an overview of the policies and goals implicit in the new policy of the Reagan Administration on foreign aid, both bilateral and multilateral. We do this so as to eliminate the confusion resulting from the myriad of details which have been discussed in the foregoing sections.

The goals and practices of the new policy can be set forth as follows:

- A. Foreign aid is an instrument of overall U. S. foreign policy, and subordinate to it.
- B. IDCA should be abolished.
- C. The staff of AID should be reduced as a smaller staff will be needed to direct the few number of projects implicit in the new policy, and the reduction of various criteria to be met by grants, projects, etc.
- D. P.L. 480 should be abolished, or at least reduced, and what remains should be placed in AID, and made a pure Title II distribution - donations. Those who need aid in purchasing food should get it out of regular AID grants, or get their credit from regular governmental and commercial sources for food purchases. About 96 plus percent of U.S. food exports moves without AID loans or grants, and PL 480 is no longer a major instrument in the reduction of world hunger. We do not mean that hunger in the world is not real, but that PL 480 no longer plays a large role in its reduction.

- E. Development of the poor, or developing nations, should be encouraged through private means, as the most effective method of reducing poverty. This means that we should encourage market economies in the developing nations, and that we should encourage under appropriate conditions the participation of private business in the economies of the developing nations.
- F. AID and the other components of the present bilateral aid system should be reorganized to effectively carry out these new policies.
- G. Eventually the role of direct bilateral government-to-government bilateral aid should be phased out of the present aid system - probably with a period of three to four years. Some residuals will remain in food donation under Title II of PL 480, and some funds should be available for our friends abroad who are faced with temporary crises in the development which they do not have sufficient means or resources of their own to confront.