



**STRATEGY
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**FOREIGN AFFAIRS FUNDING:
A BREAK IN THE LINKAGE BETWEEN POLICY,
STRATEGY AND RESOURCES**

BY

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STRATEGY, AND RESOURCES

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ABSTRACT

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The conclusion of the Cold War required a review of each element of national power. The foreign affairs budget came under intense Congressional review and was subject to reduced funding and congressionally mandated requirements prior to expenditure of select funds. This paper seeks to explore the present dilemma between the President's national security strategy of engagement and enlargement, Congress' attempts to reduce foreign affairs spending, and the Department of State's inability to define and quantify foreign security objectives.

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INTRODUCTION

A full review of foreign affairs funding is needed now or resources will dwindle away; the United States' ability to execute its National Security Strategy of Engagement and Enlargement will be a risk. "Let me begin with a simple but alarming fact: the United States could be on the brink of unilateral disarmament. No, we are not about to junk our jets or scuttle our ships. Our military is strong and ready-and there is a strong bipartisan consensus to keep it so. But we are on the verge of throwing away-or at least damaging-many of the other tools America has used for 50 years to maintain our leadership in the world: aid to emerging markets, economic support for peace, international peacekeeping, programs to fight terrorism and drug trafficking, and foreign assistance. Together with a strong military, these have been key instruments of our foreign policy."¹

BACKGROUND

Anthony Lake's opening remarks to the National Press Club in Washington, DC, on April 27, 1995, underscore a critical theme today in our national policy formulation. The central issues are whether our stated national security policy is in concert with our national security strategy and whether we as a nation are prepared to devote the necessary resources to pursue courses of action that support both our policy and our strategy?

Our national security strategy of engagement and enlargement has three central goals: to sustain our security with military forces that are ready to fight, to bolster America's economic revitalization, and to promote democracy abroad.² For over three years the nation addressed the first goal of a ready military force. The President requested that the peace dividend be reinvested into the public sector, and Congress conducted hearings on our current strategy and the force structure necessary to maintain capabilities. Finally, the Department of Defense conducted a Bottoms-Up Review to identify future requirements.

The second goal was to revitalize our economy. As a nation we have become more effective and efficient with business in the private sector. As a result, the nation has regained many world markets and its leadership role in many emerging technologies. The President recently announced a 50% decline in the nation's debt over the last three years. The Vice President has also worked hard with his initiative to re-invent government.

Congress, the President and the nation have started the dialogue on how best to promote the nation's third goal, promoting democracy abroad. Anthony Lake's opening remarks state the current crisis experienced by our foreign affairs funding and provides some insight on policy dilemmas examined by the present administration. Foremost is the current shortfall in budget authorizations.

The Fiscal Year 94 and 95 Foreign Relations Authorization Act required two years to complete. This anomaly in congressional budgeting is in large measure a result of a difference in budget programming and priorities between the current Administration and Congress. The House Bill was introduced by Representative Lee H. Hamilton (D. Indiana), Howard L. Berman (D. California) and Benjamin A. Gilman (D. New York) on 8 June 1993.³ There was no outside involvement in drafting the bill by either the Executive Branch, Department of State, or interest groups. This was the first indication that Congress and the Executive Branch were in conflict over foreign policy. With no input from the Department of State, Congress began appropriating monies for foreign affairs without the help of those charged with responsibilities to execute the programs.⁴

THE BUDGET DILEMMA

The Congressional Budget Office (CBO) and the Office of Management and Budget (OMB) forecast a steep rise in the deficit over the next several years because of continual growth in entitlements. Discretionary spending still appears the most likely source of readily available money to curb the deficit until Congress resolves entitlement issues. Discretionary monies fund Department of State operations and programs, and these are the programs that our nation uses to influence and prosecute our national foreign policy. In fact, the Function 150 appropriations, which encompass our foreign security assistance programs, account for less than 2% of the United States' total budget. In gross terms, the entire foreign affairs budget is currently less than 20 billion dollars. Inclusive are monies provided to Israel and Egypt in accordance with the Camp David Accords. The Accords guaranteed both countries almost 5 billion in security assistance funding as a good faith gesture from the United States. The remainder of the budget is earmarked for everyday operations and the other foreign security assistance programs

The issue today is the proposed funding Congress will appropriate to foreign affairs budget. The national budget and the deficit associated with it have become a central focus for policy makers over the last several years. Although this focus has become acute under the current administration, how our nation assumed this deficit is old news and should not be taken as an anomaly in fiscal matters. The root cause of deficits is well known and has been tackled by previous administrations in the past.

The national budget simplicity is built around two major outlays; discretionary expenditures and entitlements. Discretionary spending includes areas such as defense and foreign affairs while entitlements include social security, Medicare and social welfare. The

differences between these two outlays are dramatic and budget analysis at all levels wrestle with the consequences of each.

Discretionary spending is a continual budgeting process and as a result can be adjusted each year based on Congressional appropriations. The Department of State is currently experiencing this reallocation of monies because of continual reductions in the foreign affairs budget by the Congress. At present, money has not been allocated at past fiscal year levels and as a result the overall funding for the Department and its foreign affairs budget is being cut to better achieve a balance with overall economic reform.

Entitlements are found in law. They can only be reduced if a legislative initiative is brought to a vote and a consensus is reached. Unfortunately in today's environment, entitlements are often hotly debated and until the entitlement initiatives are addressed, discretionary spending continues to drop. The inevitable result is that funding for the State and Defense Departments will continue to decrease, and ultimately cause continual reductions in our security assistance and military capabilities.

The chart below shows entitlements clearly outstripped discretionary spending as a function of percentage and reversed itself as a percent of the total national budget.

<u>YEAR</u>	<u>DISCRETIONARY</u>	<u>ENTITLEMENT</u>	<u>OUTLAYS</u>
1962	\$74.9	\$32.3	\$106.8
1965	\$81.8	\$36.1	\$118.2
1972	\$133.1	\$96.8	\$230.7
1980	\$276.5	\$291.5	\$590.9
1993	\$543.4	\$760.9	\$1408.1

Source: Congressional Budget Office, The Economic and Budget Outlook: Fiscal Years 1995-1999 (Washington, D.C., 1994), p.92

In 1962, discretionary spending was more than twice the amount of entitlement outlays; in less than thirty years, entitlements are approaching almost half of the entire federal budget. The real issue now becomes how to balance the difference and what effect this will have on the American people. Compounding this problem is a restless world situation continually requiring American involvement in foreign affairs such as Somalia, Haiti and Bosnia. This involvement requires a better and stronger justification of the Department of State foreign affairs budget.

What trends can we expect for the future? First, we must understand that in the current Administration's fiscal priorities, discretionary spending will be the short term source of all money needed to enhance entitlements and reduce the deficit. The major source of these discretionary monies will come from the State and Defense Department budgets. Only when we lose security assistance and defense capabilities, resulting in loss of world leadership or public embarrassment, will Congress restore lost dollars to the State and Defense budgets. It's fair to assume the State and Defense budgets and other sources of discretionary monies will be used as short-term money savings until Congress addresses the entitlement issues. This will require extremely hard decisions by members of Congress

because of the political fallout each member must accept. The emotions involved with Medicare, Medicaid and social welfare will require a consensus that will take time to produce. Meanwhile, the budget trends of the past can be studied and used as a model for our short-term future. Clearly, foreign security assistance will depend on the Administration fully justifying Function 150 expenditures if continual funding is provided by Congress.

THE FOREIGN RELATIONS AUTHORIZATION ACT: FY 94/95

Representative Lee H. Hamilton introduced the State Department, USIA, and Related Agencies Authorization Act, Fiscal 1994-1995. Rep. Hamilton stated that the United States must remain a world leader. He further stated that our security assistance programs were a statement to our friends and allies that the U.S. was committed to its current foreign security assistance programs. As such, Rep. Hamilton wanted to authorize 4.3 billion dollars to these programs, trimming and streamlining the programs where needed. In an effort to trim these programs he also wanted to offer the Department of State the opportunity to reorganize itself so that it too could become more efficient. In an effort to streamline the State Department staff, he proposed to cap the number of senior positions in the Foreign Service and limit the number of Assistant and Deputy Secretaries of State. Rep. Hamilton also stated that the U.S. needed to cap peacekeeping operations and continue support for foreign broadcasting operations like Radio Free Europe. Refugee assistance was another area where increased funding was requested and Rep. Hamilton stated that this program was part of the U.S. overall human rights efforts. His proposed priority for the foreign affairs budget was: \$90.3 million to the former states of the Soviet Union; \$3 billion in economic and military assistance to Israel; \$2.5 billion in economic and military assistance to Egypt; and \$900 million for developmental assistance for Africa. In conclusion, Rep Hamilton stated that a vote for this bill was a vote for foreign aid reform.⁵

Key provisions of the bill included the nine titles listed below:

Title 1 - Department of State and Related Agencies. Authorizes FY94-FY95 appropriations for Department of State programs, U.S. Contributions to the UN and various other international agencies, refugee assistance and travel, and Arms Control and

Disarmament Agency programs. It repeals a provision of the Omnibus Diplomatic Security and Anti-terrorist Act of 1986, revising various Department of State authorities and operations. It amends the State Department Basic Authorities Act of 1956 and many other acts to repeal specific reporting requirements, reorganize the Department of State, makes amendments to the Foreign Assistance Act of 1961 and amends a Migration and Refugee Assistance Act provision regarding Department of State personnel. It also amends the Foreign Service Act of 1980, revising Foreign Service personnel policies, requiring the Department of State to monitor regulations concerning foreign language competence within the Foreign Service.

Title 2 - U.S. Informational, Educational, and Cultural Programs. Authorizes FY94-FY95 appropriations for international informational, educational, and cultural exchange programs. It amends the U.S. Information and Educational Exchange Act of 1948, the National Endowment for Democracy Act, and the Mutual Educational and Cultural Exchange Act of 1961, revising the U.S. Information Agency and other related agencies and programs. It provides for USIA scholarship and exchange programs for specific nations. Part C, the Mike Mansfield Fellowship Act, establishes fellowships for federal employees to study in Japan, learning the language and working in Japanese government agencies.

Title 3 - The U.S. International Broadcasting Act of 1994. Establishes a Broadcasting Board of Governors and an International Broadcasting Bureau to consolidate U.S. international broadcasting services within USIA. Restrictions on grants to Radio Free Europe and Radio Liberty are also established, and a Radio Free Asia is implemented for broadcasting to the People's Republic of China, Burma, Cambodia, Laos, North Korea, Tibet, and Vietnam. It repeals the Board for International Broadcasting Act of 1973.

Title 4 - United Nations Reform and Peacekeeping Operations. Withholds some U.S. contributions to the UN until a UN Office of Inspector General is established to conduct audits, inspections and investigations. U.S. contributions to UN peacekeeping operations for FY94-FY95 are limited and the United Nations Participation Act of 1945 is amended. It further amends the Foreign Assistance Act of 1961, establishing requirements for U.S. provisions of defense articles to international peacekeeping operations and requires the President to report to Congress concerning the status of UN peacekeeping operations. It also authorizes the President to withhold some U.S. contributions to the UN if the UN fails to implement certain budget process reforms. Lastly, it amends the American- Mexican Chemical Convention Act of 1964 revising statutory provisions to international organizations.

Title 5 - Foreign Policy. Part A expresses Congressional views on foreign policy issues to specific countries. It establishes an international criminal court and terminates the U.S. arms embargo against Bosnia-Herzegovina. It also implements the UN Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment by establishing penalties for specific acts committed outside the U.S. The Fair Trade in Auto Parts Act of 1988 - 1998 is extended. Minor amendments to the PLO Commitments Compliance Act of 1989 are made. It further amends the Trading with the Enemy Act and the International Emergency Economic Powers Act permitting information and material trade between the U.S. and other countries under U.S. economic sanctions. Lastly, it prohibits foreign assistance to any country nationalizing or expropriating the property of a U.S. citizen and failing to provide compensation for the property. Part B clarifies the Spoils of War Act of 1994 while Part C defines the Anti-Economic Discrimination Act of 1994, restricting the sale or lease of U.S. defense articles. Part D, the Cambodian Genocide

Justice Act, lists specific requirements for establishing an investigation office for genocide crimes in Cambodia. Part E, the Middle East Peace Facilitation Act of 1994, authorizes the President to suspend certain restrictions of the Foreign Assistance Act, the Bretton Woods Agreement Act, and other acts concerning the PLO.

Title 6 - Peace Corps. Authorizes FY94-FY95 appropriations for Peace Corps activities and amends the Peace Corps Act to revise Peace Corp programs.

Title 7 - Arms Control. Part A , the Arms Control and Nonproliferation Act of 1994 amends the Arms Control and Disarmament Act, strengthening Arms Control and the Disarmament Agency's role. It specifies U.S. arms control requirements and responsibilities and amends the Arms Export Control Act and the Nuclear Non - Proliferation Act , revising certain authorities relating to nuclear proliferation. Part B amends the Foreign Assistance Act of 1961 and the Arms Export Control Act.

Title 8 - the Nuclear Proliferation Prevention Act of 1994. Regulates sanctions, export activities, funds and assistance regarding nuclear weapons and controls.

Title 9 - The Protection and Reduction of Government Secrecy Act. - Establishes a Commission on Protecting and Reducing Government Secrecy to examine Government information classification policies.⁶

Both chambers of Congress spent almost two years ironing out details associated with the foreign affairs budget. During committee deliberations both Houses of Congress generally voted along party lines. The Democrats tried to maintain President Clinton's foreign policy programs while the Republican's attempted to trim the preponderance of programs because of fiscal concerns. Once the reports reached the Senate floor, numerous issues surfaced concerning ideology, budgetary concerns and foreign policy issues. In the Senate, ideology had a major impact. Ideology issues included human rights, foreign aid,

population control, and political stability. The budget and the President's priorities were negotiated with a final bill being signed by the President on 30 April 1995 and enacted as Public Law 103-236.⁷

Clearly the development of the Foreign Relations Authorization Act for FY 94/95 saw a conservative Congress trying to dictate fiscal restraints over the foreign affair budget. Each account received reductions and as a matter of policy, limitations were placed on how and when money could be spent for each program. Central to this issue was a Congress wrestling with an Administration over foreign policy objectives. The question thus becomes, who should dictate foreign policy and why does there appear to be the beginning of a foreign policy failure?

POLICY FAILURE?

With the conclusion of the Cold War, the United States is now facing a new world order. Our previous strategy of containment was based on a bi-polar environment where the United States and the Soviet Union struggled for world dominance. With the demise of the Soviet Union, the United States is currently reevaluating its national security strategy.

The President stated in his introduction to *A NATIONAL SECURITY OF ENGAGEMENT AND ENLARGEMENT*, "Our extraordinary diplomatic leverage to reshape existing security and economic structures and create new ones ultimately relies upon American power. Our economic and military might, as well as the power of our ideals, make America's diplomats the first among equals."⁸ A critical look at stated policy versus actual deeds requires more examination. The President's propensity to defend the last goal in the national security strategy has not been in the forefront of his efforts. As the Speaker of the House stated at the Nixon Center on 28 October 1995, "A case can be made to dispute the President's stated policy versus his efforts to deal in foreign affairs." Specifically, the Speaker stated there were four actions the President must make to convince the American public of his policies. First, he must have a component vision. Second, he must have a strategy outlining the means intended to pursue his national goals. Third, the President must be willing to fight for resources, convincing the American people to pursue these programs. Finally, his course of action must be consistent even if it becomes politically difficult.

A review of any policy analysis model reveals the first step in attending a workable policy must identify what the policy goals and objectives are. Although the President has acknowledged that "engagement and enlargement" are key to our national security strategy, the linkage between these means and our policy of world stability may not be in concert. As

Secretary of State Warren Christopher stated to journalists on 12 September 1995 in Washington D.C., "our security now depends upon fighting threats like terrorism and nuclear proliferation, threats that call for international cooperation."⁹

During budget deliberations, the President promised Congress an assessment of our future security needs. Unfortunately, the White House never produced this assessment. However the White House did take a position during the legislative process. It is interesting to note that although the Clinton administration did not support many of the provisions specified in the bill, the President promised to provide a legislative proposal that would streamline the Department of State and revise many of its security assistance programs. Congress waited for the President's revisions proposing legislation governing these foreign aid programs. The President's revisions were never forthcoming, delaying passage of the bill and not providing Congress with the proposed legislative reform. Many members of Congress felt the Clinton Administration was not serious in its efforts to reform security assistance programs and streamline foreign policy procedures.¹⁰ The Administration's failure to provide a clear policy end state gave Congress reason to write the Foreign Security Assistance Act, its vision of the political/policy end state.

During the markup of the bill, the President voiced concern that many of the proposed provisions tied his hands in foreign policy. Specifically, he felt the Senate's proposal to eliminate the United States Information Agency was reckless and not in keeping with his foreign policy programs. He also disagreed with the House proposal to consolidate all international broadcasting organizations under one agency. Many broadcast stations were scheduled for elimination because of cold war era status. The President felt he needed to maintain these broadcast stations to assist the United States' ability to reach out to those people whose governments were considered dictatorial. The President also disagreed with

those members of Congress who opposed the Senate's proposal to lift the Vietnam economic embargo. The President was pleased when this amendment was adopted in conference committee. However, the Cuban economic embargo, which remains in affect today, was not what the President wanted for future Cuban relations. The President wanted the United States Congress to endorse lifting the Cuban embargo. The President viewed the embargo as a penalty against the Cuban people rather than a penalty against the Castro regime.

The President opposed the Senate amendment which appropriated money to the Bosnian Army and requested the U.S. unilaterally lift the Arms Embargo. The President saw this as a unilateral initiative not in the best interest of existing U.S. mandates and future foreign policy. President Clinton found Senator Dole's amendment requiring Congressional approval prior to commitment of peacekeeping forces to be an infringement on the President's Constitutional powers. Additionally, the President found Senator Helm's proposal to revoke China's most favored nation status to be restrictive to his foreign policy objectives. The President attempted to influence this legislation in several ways. First, the President had the Secretary of State testify before Congress on the President's foreign policy programs and priorities. Second, on numerous weekly radio addresses to the nation, the President spoke about the proposed reductions in our foreign security assistance programs and the limitations placed on the administration. He thought some of the provisions were unconstitutional, infringing on the President's ability to establish foreign policy.¹¹

In signing the bill, he objected to several provisions. One provision required the United States to vote against any multi-national bank loans in countries who kept U.S. citizens' property against their will. This provision also restricted loans to nations continuing to provide nuclear material to other nations.

The President disagreed with the bill's new standards for aid to refugees and the enhancement it gave to women and children's needs. Again citing his constitutional prerogatives, the President thought the bill tied his hands in the foreign policy arena. Finally, the total amount authorized for spending was substantially reduced from the President's original request. In testimony before Congress, both the Secretary of State and the Director of USIA stated the President's desire for additional funding for security assistance programs. In virtually every case, Congress reduced the program or placed restrictions on implementation of the program. In all, the President felt the Foreign Aid Authorization bill did not provide the nation or his Administration a degree of flexibility to implement foreign security assistance.¹²

Congress' Foreign Relations Authorization Act reflected a clear division between Congress and the Administration, not only on the policy end state, which the President never defined, but also the Congressionally perceived political/policy end state.

A BREAK BETWEEN POLICY AND STRATEGY?

To date our government has examined in great detail the first element of national power, the military. While debating how the military would be restructured and what savings the nation could incur, the President, the Congress and the Department of Defense examined in great detail ways to resource requirements needed to achieve military objectives. Congress conducted hearings on the issue, the Department of Defense conducted a Bottoms-Up Review, and the President spoke of a peace dividend to be reinvested into the public sector. This process has taken approximately three years. The result of this in-depth analysis was the development of a military strategy that addresses the nation's military needs based on a politically approved policy end state, (agreed by the President and the Congress) and the resources needed to fund a strategy which allows the military to achieve the nation's policy goals.

Today our government begins the debate of restructuring the political/diplomatic element of our national power. The budget dilemma caused extreme hardships on the Department of States' ability to carry out its mission. However, the proposed reductions in funding are minor when compared to a policy that has not been clearly established and a Congress which has not appropriated necessary resources to carry out the President's policy. As a result, the Department of States' ability to prosecute a strategy of engagement and enlargement is at risk.

Congress has taken the State Department's budget and reduced its programs as it envisions the United States' participation in future world events. During a recent UN visit, the Political Advisor to the Secretary General of the UN and the Lebanese Ambassador both expressed their concerns when asked about current administration foreign policy objectives.

Both asked whether the Senate or the President was in charge of foreign policy.¹³ This perceived lack of Presidential leadership coupled with a lack of overall presidential involvement in security assistance has caused some concern within the world community. As former Secretary of Defense James Schlesinger stated, "a nation that professes to be a leader has to pay for it. If we're unprepared to pay for a position of leadership, our leadership position will atrophy."¹⁴ Assistant Secretary of State Strobe Talbot added additional insight into this issue when he expressed his concerns. " In the coming months, the American people will face some fundamental choices. We as a nation are just beginning a great national debate. At issue is whether we are prepared to do what it takes-- and that means spending what it takes -- to have a foreign policy worthy of our aspirations and our interests as a world leader -- indeed, as the world leader."¹⁵

In 1993, the President indicated his desire to address security assistance in terms of objectives that would meet policy goals rather than reward client states for their efforts to contain communism, as was done in the past.¹⁶ President of the American Foreign Service Association Tex Harris' comments and those of the Secretary of State in testimony to both the House and Senate subcommittees would indicate that review has not taken place. There are mechanisms to examine diplomatic options in the Department of State; however, the departments may not have analyzed the most effective budget and organizational options. As a result the Department of State must justify critically scarce resources and monies to spend on selective programs. This is the first time the State Department has been subject to this type of scrutiny.¹⁷ In all fairness, the Department does have organizational directorates to recommend solutions, but how do these directorates quantify security assistance? Needless to say, many of the programs found in the foreign affairs budget are quantified by a subjective evaluation rather than an objective one. What the Department may try to do is review these

subjective evaluations and attempt to quantify the perceived benefits in a more objective manner. Like the Defense Department's Bottoms-Up-Review, only through this type of thorough analysis will Congress more readily accept the Department of State's requirements.

Today many ambassadors are asking who is defining national foreign policy, the Congress who appropriates the money to selective programs, or the Department of State? For the future, it is necessary for the Department of State to quantify its needs and justify its potential gains. Not until this process is complete will our programs and policies find any direction or purpose. Brian Atwood, the current Administrator of USAID, made the best point. "The threat is international disorder, and it is a strategic threat, because it endangers the political, economic, and security interests of the United States. How should we reply? The answer should be apparent: by mounting a response that fits the threat that is, not the threat that was. That response is a policy of crisis prevention, and foreign assistance plays a central role in it."¹⁸ But the central issue remains; what programs should be reduced and by how much?

The President's stated policy objectives and the resources to achieve them are not in concert. Additionally, if the Department of State intends to sell its foreign affairs budget to Congress it must do a better job articulating security assistance needs and describing the benefits the nation will reap. Our future security assistance capabilities will be resolved only when the President, Congress and the State Department iron out their differences. In the mean time, do we have the security assistance capabilities to meet the President's policy of engagement and enlargement? Most experts agree, the nation does have the means to support the current national security strategy; however, future security assistance capabilities remain questionable. The nation and the world must remain patient until Congress and the present Administration iron out their differences.

As an example, specific security assistance programs for developing democratic governments in Africa should receive additional funding if the President's strategy of engagement and enlargement is to be carried out. Congress authorizing only 900 million dollars to the continent of Africa is not enough nor does it follow the President's strategy of engagement and enlargement. Many developing nations are making significant strides toward democracy and market economies, yet the ways and means necessary to achieve policy goals may not be available. Unfortunately, Africa has not been given any additional funding and as a result, many would cite the current strategy as one of "hit and miss."

Other emerging democracies, specifically those in the former Soviet Union and South America, have become victim to the same dilemma. Therefore the question that must be asked is whether the President's national security strategy of engagement and enlargement, a strategy that supports policy which has not gained broad bi-partisan commitment, is in fact a politically achievable strategy. If, in fact, the policy is not supported or the resources are provided to an ill defined, inconsistent strategy, then we have a flawed policy analysis making it virtually impossible for the Department of State to pursue foreign policy goals expressed by the President.

RESOURCE SHORTFALLS TO MEET POLICY AND STRATEGY GOALS

The issue today concerns proposed funding Congress will appropriate to the foreign affairs budget. In the past, Congress normally appropriated monies the Department of State requested. Because of a change in the new world order and a national resolve to reduce the national debt, the Department must better justify its fiscal needs. Again, the Department of State cannot pursue a strategy supporting national strategic objectives because the President has not conveyed his vision. Therefore, it becomes very difficult to identify requirements, objectives and priorities in a resource constrained environment. Congress' intention to balance the budget based on fiscal restraints rather than needed foreign affairs capabilities only compounds the problem. The problem is an unrealistic appraisal of which past security assistance programs supported Cold War Strategies and which programs support the President's current strategy of engagement and enlargement. Morton Abramowitz, a former diplomat and current president of the Carnegie Endowment, adds additional insight into the problem. He states, "There's no question that a review of our foreign-policy resources are due. But we're proceeding by slashing and burning. There's been no considered review of what the needs are."¹⁹ What are the "ways" and "means" Congress should consider as they attempt to reduce the budget and overall national deficit? Unless the current Administration and Department of State conduct a comprehensive review of major foreign affairs programs, Congress will attempt money reductions as it sees fit. Unfortunately security assistance will bear the brunt of fiscal reductions.

Congress continues working to reduce the foreign affairs budget by 3.5 billion for FY 96. Unfortunately, reductions are not based on rational arguments such as preserving future capabilities or whether those capabilities support our national policy. As stated in the

STRATEGIC ASSESSMENTS 1995, "the emerging world order will depend crucially upon such factors as: the degree of U.S. involvement in world affairs, the progress of European integration, developments inside Russia, new Japanese international obligations, the ability of China to hold together and the control of nuclear proliferation."²⁰

Clearly a total review of foreign affairs resourcing is needed if the United States is going to effectively address these problems. Without adequate funding, which supports clear policy objectives, the United States risks not being fully prepared to address these most complex issues. Proposed FY 96 foreign affairs programs appear targeted for further significant reductions. If these programs are reduced, the United States may not be able to adequately pursue most of its foreign policy objectives.

Proposed foreign affairs and related activity budget reductions for fiscal years 96 and 97 are listed below.²¹

Multilateral Development Banks: (-\$1.368 billion in 96/97)

International Organizations and Programs: (-\$245 million in 96; -\$245 million in 97)

Development Assistance: (-\$742 million in 96; -\$782 million in 97)

USAID Operating Expenses: (-\$101 million in 96; -\$148 million in 97)

Newly Independent States: (-\$113 million in 96; -\$168 million in 97)

Eastern Europe and the Baltic States: (-\$180 million in 96; -\$230 million in 97)

Voluntary Peacekeeping: (-\$60 million in 96; -\$65 million in 97)

Economic Support Funds: (-\$144 million in 96; -\$144 million in 97)

Foreign Military Financing: (-\$167 million in 96; -\$197 million in 97)

State Department Operation: (-\$52 million in 96; -\$123 million in 97)

Foreign Buildings: (-\$20 million in both 96 and 97)

Contributions to International Organizations: (-\$157 million in 96; -\$157 million in 97)

ACDA: (-\$53 million in 96; -\$76 million in 97)

USIA: (-\$119 million in 96; -\$200 million in 97)

If Congress reduces the foreign affairs budget and other foreign assistance programs as outlined above, will the State Department be able to further future policy objectives? At present the question remains unanswered; however, what is clearly seen is a defiant break between the President's political end state of a stable world order, the national security strategy of engagement and enlargement, and a Congress which has authorized ways to support strategy (means) that ensures political objectives are met. If these programs form the nucleus of our foreign policy, it stands to reason an in-depth study would assess the pros and cons of each program. Additionally, the study would provide recommendations on leveraging these programs in support of other elements of national power.

SEEKING SOLUTIONS:

Congress, the President and the nation have started the dialogue on how best to promote democracy abroad. Anthony Lake's opening remarks to the National Press Club state the current crisis experienced by our foreign affairs programs and provide insight on policy dilemmas examined by the present Administration.²² Reinforcing this dilemma was the Secretary of State's comments during a recent media interview. He stated, "I strongly hope that they [Congress] will recognize the importance of funding the international affairs budget when they get to conference or as it moves through the process. I don't have any confidence that that will happen unless Congress is brought to understand that they're cutting back on a vital national security need, so I don't regard it as posturing. I think it is an extremely serious matter."²³

As Deputy Secretary of State Strobe Talbot expressed, "They [Congress] want to pass legislation that will impair our ability to manage our relations with China at a critical juncture; hamper our ability to complete the Korean framework agreement; end American leadership of international organizations; slash our already depleted foreign aid programs; gut our counter-narcotics efforts and reduce the operating budget of the State Department to a point that would devastate morale and cripple the effectiveness of our foreign service."²⁴

The current budget debate in Congress involves a 21.5 billion dollar International Affairs Budget, which represents less than 2% of our total national budget. The Secretary of State stated in testimony to the House International Relations Committee, "the preventive diplomacy that the International Affairs Budget funds is our first and least costly line of defense."²⁵ The Secretary's statement is true, however, curtailing obsolete programs while providing our diplomats means to achieve the President's foreign policy goals remains an

issue. Tex Harris indicated Department of State budget cuts over the last three years were absorbed by each Function 150 Program as a percentage decrease in its operating budgets. He further stated that, "The percentage decrease was only effective on the margin and provided no real savings and never attacked the central issue of how best to handle fiscal reductions."²⁶ There are many programs involving foreign policy and security assistance that may not be funded in the future. The potential impact and our ability to influence our friends, allies and adversaries may be limited. If the Department of State cannot quantify the effects this will have in diplomacy, Congress will likely curtail many of these programs. Because the State Department does not know its final budget, it has taken incremental decreases by a few percentage points in all its programs, personnel and infrastructure improvements. No real efficiencies have been gained by this action. Mr. Harris commented that the Secretary of State does not want any change and is reluctant to make any significant modifications within the State Department's managerial apparatus. As a result, the Department of State will not have the capabilities necessary to analyze budgetary courses of action and their impact on foreign policy.²⁷

RECOMMENDATIONS

As an example, where could we offset reductions in military forward defense capabilities by a Department of State program assisting a host nation's ability to enhance and streamline its current military defense? Unfortunately, neither State nor the National Security Council has conducted such a study. There are many programs involving security assistance that may not be funded in the future. The potential impact and our ability to influence our friends, allies and adversaries may be limited. If State cannot quantify the effects this will have in diplomacy, Congress will likely curtail many of these programs.

In an effort to bring together all the divergent positions, the President, Congress, and the Department of State should begin exploring several courses of action which might prove useful in solving the foreign affairs problem. First, the President might want to establish a Blue Ribbon Commission on security goals and objectives. This Commission should be chaired by an individual with a wealth of diplomatic and policy experience. The central focus of the Commission would not only be to identify the United States foreign policy goals but also review and ensure the President's national security strategy of engagement and enlargement is in concert with these policy goals. Additionally, the means necessary to achieve these policy goals should be reviewed, attaining what is feasible with a Congress intent on maintaining a fiscally constrained budget. This Commission must achieve a bipartisan consensus concerning this undertaking and its recommendations must be seriously considered by the President. In sum, this Commission may be able to achieve a consensus on foreign policy objectives and the means to achieve them. Establishing a fiscal recommendation to Congress, outlining these goals and presenting a case based on the Commission's analysis would be beneficial.

A second course of action might be for the President to direct the National Security Council to conduct a review of the nation's elements of power, devising means to evaluate and recommend courses of action which leverage the strengths and weaknesses of each to support the others. Several benefits would be ensured. First, a clear analysis of which elements of national power could be used to leverage future military, political/diplomatic, economic and informational resources to attain national security interests. This might take the form of a military campaign plan. Second, the NSC as the lead agency would provide the President courses of action which might not be as parochial as some of the Cabinet Secretaries might provide. Finally, a review of the NSC's work should be provided to Congress in an effort to solicit the necessary fiscal funding. The benefit in this course of action is that theoretically a thorough policy analysis would be conducted and the Administration would provide Congress a well thought out policy analysis exploring all the elements of national power and how best to combine their efforts. This will ensure a definite policy, clearly stating and defining the President's views and end state, essentially, a NSC bottom-up-review.

A third course of action might be for the President to direct the Department of State to conduct an internal review of its foreign affairs budget goals and objectives. The intent of this review would be to relook all Function 150 programs. Recommendations should be made to the President concerning which programs should be eliminated based on their Cold War orientation and which programs should be restructured to support the President's national security strategy of engagement and enlargement. Additionally, a review or recommendation on future programs which might enhance the President's strategy should be explored. Once this review has taken place the Secretary of State should go before Congress with recommendations for attaining Function 150 related goals; which programs might be

reprogrammed or eliminated to achieve these goals. With a well thought-out review of both way and means, Congress might be more receptive to these policy initiatives.

The fourth course of action might be for the President to request a Congressional Bi-Partisan Commission who will review, with the National Security Staff and the Department of State representatives, a foreign policy budget which meets the requirements of both the Executive and Legislative Branches. This last course of action is probably the least politically feasible course, however it does merit consideration.

Without a thorough review of some sort of Presidential action, the nation's foreign affairs budget will be at risk for further reductions. A national policy encompassing a stable world environment may not be achievable through engagement and enlargement if continual reductions occur. Finally, the President could overhaul the entire process and balance Function 150 programs against other elements of national power, seeking to leverage the strengths and weaknesses of each. The prospect of this in-depth review is unlikely given the present world situation and election year concerns.

CONCLUSIONS

The Vietnam War and the policy formulated addressing the issue of America's "containment" of communism is a classic example of failed policy. In almost every case, policy makers at the national and military levels failed to identify the central "ends" the nation was trying to achieve or the "means" the United States would use to attack communist insurrection in Vietnam. As a result, the military and our nation witnessed the destruction of its armed forces from within, and creating a division between the American people and their government.

The current Administration's national security strategy of engagement and enlargement may suffer a similar fate if a thorough review of the foreign affairs budget is not undertaken. This review must take into account not only the ways the nation will financially support these programs but more importantly link the policy, strategy, and resources necessary to glue all three components together. Whether or not the President agrees with Congress on how best to achieve foreign policy objectives, it is incumbent on him to achieve some sort of agreement. Failure to reach an agreement on these issues may put the nation at risk.

Finally, it is incumbent upon the Department of State to analyze its budget programs, infrastructure, and people and seek how to reorganize and streamline its assets to meet new foreign policy challenges. The bottom line: will we have the capabilities to provide the Function 150 programs needed to remain a viable world leader? The future holds the answers and the managing of scarce foreign affairs funds by the Department of State and related agencies with a politically accepted national foreign policy and strategy linking these resources, will be the only means to guide our foreign policy into the 21st Century.

ENDNOTES

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