

Foreign Aid Reform Commissions, Task Forces, and Initiatives: From Kennedy to the Present

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U.S. foreign assistance policy, programs, and organization have been the subject of extensive examination by policymakers, academics, the broad international development community, and American lawmakers throughout the post–World War II period. Yet the formal channels of these efforts—the presidentially appointed commissions and the legislative branch task forces and lawmaking attempts—often failed to develop the consensus necessary to implement their policy recommendations. Since 1960 there have been at least seven major foreign aid reform efforts. Only two—the early achievements of the Kennedy administration and passage of the New Directions legislation in 1973—could be considered successful efforts.

This chapter examines each of these undertakings and offers specific lessons to explain why some initiatives succeeded and others failed. First, having the president, or at least the senior White House staff, play a high-profile, actively engaged role in a foreign aid reform effort is highly desirable and perhaps crucial to its success. Second, once proposals are issued, it is critical for the participants to speak in a supportive and consistent voice while the matter is under consideration by the broader community. In one of the most successful efforts, the chairman of the reform task force recommended abolition of his own agency. Third, it is essential to solicit the participation of all stakeholders in foreign aid reform—across branches of the government, across agencies, and including policy activists and actors from the private sector. Fourth, it is critical to generate early congressional involvement and ownership if legislation is planned, and to gain early executive branch buy-in for congressionally initiated reforms. Fifth, any successful proposal must clearly state the problems, issue recommendations for fixing those problems, and set out a clear road map for implementation. Sixth, although a broad, comprehensive foreign aid restructuring effort holds the greatest promise of materially improving U.S. policy toward developing nations, the wider the scope, the greater the prospects for resistance and failure. Seventh, proposals to abolish agencies or diminish their authority encounter serious resistance, usually from those perceived as the “losers” in the reorganization efforts. Eighth, little progress has been made on the appropriate balance or the proper threshold for congressional involvement in foreign assistance program management, which remains one of the most intractable issues. Finally, timing is critical: new policy initiatives formulated early in a new administration and submitted to Congress before

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the summer-dominated season of appropriation bills have the best chances—although no guarantee—of success.

U.S. foreign assistance policy, programs, and organization have been the subject of extensive—some would say excruciating—examination by policymakers, academics, the broad international development community, and American lawmakers throughout the post–World War II period. Yet the formal channels for these efforts—the presidentially appointed commissions, legislative branch task forces, and lawmaking attempts—often floundered, failing to develop the consensus necessary to implement their policy recommendations. At best, some of these structured efforts yielded ideas that individually may have caught the attention of new administrations and may have formed the basis for selective reforms. But as comprehensive, integrated packages, the results have been modest. Only two such reform efforts—the early initiatives of the Kennedy administration and passage of the New Directions legislation in 1973—could be considered successful.

Presently, there has not been a broad foreign aid reform effort launched since early in the Clinton administration, and Congress has not enacted annual foreign assistance authorizations in two decades. Although the policy and program compositions have changed significantly during this period, they have not been the direct result of recommendations emerging from a formally constituted body or legislative review effort. This record is not necessarily surprising or unique within the circles of policy commissions and task forces focusing on any number of subjects: they are formed with great fanfare, disbanded after well-publicized events setting out the results of their deliberations, and in many cases forgotten.¹

Since 1960 there have been at least seven major foreign aid reform efforts:

- Kennedy administration initiative and enactment of the Foreign Assistance Act of 1961;
- Peterson Commission, 1969–70;
- New Directions legislation, 1973;
- Humphrey initiative and the creation of the International Development Cooperation Agency, 1977–79;
- Carlucci Commission, 1983–84;
- Hamilton-Gilman Task Force, 1988–89; and
- Wharton Report and the Peace, Prosperity, and Democracy Act, 1993–94.²

This chapter looks at the history and rationale of each of these undertakings and examines the variety of characteristics that were common or different among the various groups. This is followed by a series of observations, based on the historical record, regarding

1. See, for example, Edward C. Luck, “U.N. Reform Commissions: Is Anyone Listening,” keynote speech for the Conference on “The Ideas Institutional Nexus,” University of Waterloo, Ontario, Canada, May 16, 2002 (www.sipa.columbia.edu/cio/cio/projects/waterloo.pdf {February 2006}).

2. Some will note that many other foreign aid reform recommendations have emerged during this period, including those sponsored by private groups or international organizations and financial institutions. Since this chapter focuses on efforts initiated by the executive and the legislature, these other equally thoughtful—and in some cases influential—projects are not discussed. The Ferris Commission, mandated by Congress in 1991, is also not examined due to its relatively specific focus on administrative issues at the U.S. Agency for International Development.

the challenges confronting foreign aid reform initiatives. It then concludes with some thoughts as to what is necessary to maximize the potential for policy relevance and results.

Major Executive and Legislative Foreign Aid Reform Initiatives

The following are thumbnail sketches of the intent of the commission or project.

Kennedy Administration and the Foreign Assistance Act of 1961

During the earliest days of the Kennedy administration, top White House and State Department officials launched a strategy to legislate changes in U.S. foreign assistance policy and structure. They were guided in their effort by a belief that foreign aid funding was inadequate, bureaucratic organization was unnecessarily diffused, legislation providing authority and direction took a piecemeal approach, and there was too great a focus on short-term strategic matters and insufficient attention to the longer view of international development.³ Within eight months after taking office, President Kennedy signed into law the Foreign Assistance Act of 1961 and a new organization, the Agency for International Development (now referred to as the U.S. Agency for International Development or USAID) was established.⁴ Both entities remain in effect today.

Peterson Commission

Formed in September 1969, the first year of the Nixon administration, the Task Force on International Development was chaired by Rudolph A. Peterson, president of the Bank of America. Known as the Peterson Commission, this group of exclusively private individuals examined the full breadth of U.S. foreign assistance and issued in March 1970 a series of recommendations for change.⁵ A year later, the administration included a number of the Peterson Commission proposals in legislation to Congress. Lawmakers, however, did not embrace the group's major recommendations, as congressional committees were already at work drafting ideas for significant reshaping of U.S. development assistance policy that diverged from executive branch thinking.

New Directions Legislation

With growing dissatisfaction that American development assistance did not directly address the problems and needs of the poorest populations in the developing world, coupled with multiple defeats of foreign aid authorizing legislation in the 92nd Congress (1971–72), a group of House and Senate lawmakers, backed by private think tanks, drafted bills in 1973

³. This analysis of the foreign aid program was submitted to President Kennedy by Walt Rostow, Deputy Special Assistant for National Security Affairs, in a memorandum dated February 28, 1961. See U.S. Department of State, *Foreign Relations of the United States, 1961–1963*, vol. IX: *Foreign Economic Policy* (Government Printing Office, 1997), sec. 6, no. 94, “Crucial Issues in Foreign Aid.”

⁴. P.L. 87-195.

⁵. *U.S. Foreign Assistance in the 1970s: A New Approach. Report to the President from the Task Force on International Development* (Government Printing Office, March 4, 1970).

focusing on the basic human needs of the rural poor.⁶ The legislation, which passed Congress in that year and became known as the “New Directions” legislation, restructured American economic aid around several “sectoral” activities, including agriculture, population, education, and selected development elements such as the environment and energy. The New Directions bill amended the Foreign Assistance Act of 1961 and remains the core structure, although with important subsequent modifications, of current authorizing law. This sectoral approach began to change during the Reagan administration, with a greater emphasis on the role of the private sector in development and on increased aid conditionality. After 1987 these specific program activities no longer received annual authorizations of funds, and by the early 1990s, appropriations legislation had largely shifted away from the sectoral categories, providing instead resources for broader development aid accounts.

Humphrey Initiative and the International Development Cooperation Agency

Four years after passage of the New Directions legislation, Senator Hubert Humphrey mounted an effort to elevate the importance of development assistance in U.S. foreign policy decision-making and to better coordinate the various government departments involved in economic aid policy formulation and delivery. After Senator Humphrey’s death, the Carter administration embraced the idea and developed a reorganization plan in 1979, establishing a “super” aid coordinating body—the International Development Cooperation Agency (IDCA). But with intense bureaucratic in-fighting throughout the process, the IDCA never functioned as envisioned. Several agencies, most notably the Treasury Department, operated outside the IDCA, and a series of USAID administrators served as acting IDCA directors until the organization was officially abolished in 1999.

Carlucci Commission

Two years into the first Reagan administration, the president appointed former ambassador and then-deputy defense secretary Frank Carlucci to head the Commission on Security and Economic Assistance, which had a mandate to better define the role of security aid vis-à-vis development assistance in U.S. foreign policy. There was a growing perception within the administration that foreign aid was “broken,” that the program’s unpopularity in Congress was growing, and that there was an increasing level of distrust between the two branches on aid matters. The commission issued a long series of recommendations in late 1983.⁷ However, with attention shifted to Central America, the Kissinger Commission, and associated disputes, the Carlucci Commission effort received little attention.⁸

⁶. For an overview of several proposals, see Congressional Research Service, *The Reorganization of U.S. Development Aid* (Library of Congress, May 1973). This report was prepared for the House Committee on Foreign Affairs.

⁷. See Commission on Security and Economic Assistance, *A Report to the Secretary of State* (Department of State, 1983).

⁸. In July 1983, at a time of growing criticism over U.S. policy in Central America, President Reagan created the National Bipartisan Commission on Central America, chaired by former secretary of state Henry Kissinger. Amidst increasing American military involvement in the region, the commission recommended a doubling of U.S. economic assistance to \$8 billion over five years and additional, but unspecified, amounts of military aid for El Salvador. The administration submitted legislation to

Hamilton-Gilman Congressional Task Force

With the end of the cold war only a few years away and an increasing recognition of changing global conditions, the chairman of the House Foreign Affairs Committee in 1987 appointed two senior members—Lee Hamilton and Ben Gilman—to shepherd a bipartisan effort to rewrite basic foreign aid laws. The initiative was intended to restructure legislation that was now over twenty-five years old to reflect the new realities of U.S. foreign policy, to narrow and clearly define the core objectives of American foreign aid, to streamline congressional restrictions placed on administration management of the program, and to repair the unpopularity in Congress and the divisiveness in executive-legislative relations over foreign assistance. Although the House Foreign Affairs Committee endorsed legislation reflecting much of the Hamilton-Gilman Task Force’s recommendations, key members, including Representative Gilman, dissented from some of the major proposals.⁹ Without executive and Senate support, the initiative died.

Wharton Report and the Peace, Prosperity, and Democracy Act

In the early months of the Clinton administration, Deputy Secretary of State Clifford Wharton was named to lead a review of U.S. foreign aid policy that would design a post-cold war policy framework and reform USAID.¹⁰ After giving assurances to a Democrat-controlled Congress that a plan would be presented shortly, Deputy Secretary of State Wharton fell out of favor within the administration and resigned before releasing his report. The executive branch subsequently sent Congress draft legislation that flowed from the Wharton effort—the Peace, Prosperity, and Democracy Act—in late 1993. But the bill stalled in the Senate, and after the 1994 elections in which Republicans took control of the House, the Clinton administration did not resubmit the act for legislative consideration.

Characteristics of Foreign Aid Commissions and Reform Groups

While these seven foreign aid reform efforts all shared one common goal—to modify and improve to one extent or another some aspect of American foreign assistance—they diverged in several other important ways. Collectively, they followed the same path but took different approaches, some of which contributed to their efforts while others worked against the groups’ objectives.

implement many commission proposals, and the ensuing debate dominated contentious congressional foreign aid deliberations throughout 1984. Ultimately, Congress rejected a multiyear aid package for the region but approved \$1.1 billion for fiscal year 1985.

⁹. House of Committee on Foreign Affairs, *Report of the Task Force on Foreign Assistance*, H. Rept. 101-32 (Government Printing Office, February 1989).

¹⁰. Although no final report was publicly issued by the State Department, Deputy Secretary Wharton testified before the Senate Committee on Foreign Relations on July 14, 1993, where he discussed several preliminary observations and possible recommendations. See Senate Committee on Foreign Relations, *Fiscal Year 1994 Foreign Assistance Authorization*, Senate Hearing 103-322, 103 Cong. 1 sess. (July 14, 1993).

Rationale

In general, the various commissions or legislative initiatives were motivated by three primary purposes:

—Dissatisfaction with current foreign aid policy. The Kennedy administration effort, the New Directions legislation, and the Carlucci Commission each formed largely around the premise that the structure and focus of American foreign assistance policy was flawed and needed a comprehensive remake.

—Lack of public or congressional support. Foreign assistance, since its inception, has suffered from the absence of a constituency—or at least a *vocal* constituency—that promotes and encourages spending on foreign aid. More often, foreign aid, especially economic assistance, has been viewed as taking resources away from domestic programs that provide direct benefits to Americans. In the drafting of the Foreign Assistance Act of 1961, the creation the Carlucci Commission, and the launch of the Hamilton-Gilman Task Force, this concern was one of utmost importance.

—Changing global realities demanded change. Especially with the end of the cold war, the shape and legislative foundation of American foreign assistance, still grounded in the rhetoric of the East-West confrontation, was one of the principle rationales for undertaking a reform initiative. The Hamilton-Gilman Task Force and the Wharton Report were both launched with this consideration in mind.

Primary Initiator

Both the executive and legislative branches of government have taken the lead in forming foreign aid reform groups. The Peterson Commission and the Wharton initiative each originated within the administration, whereas Congress launched the New Directions legislation and the Hamilton-Gilman Task Force. The Kennedy administration began the process of writing the Foreign Assistance Act of 1961 but later gained considerable help in Congress as the legislation wound its way to passage in 1961. Conversely, the idea of an overarching coordinating agency began with Senator Humphrey but was eventually put in place through an executive order.

Scope

Perhaps because of the inherent difficulties, few foreign aid reform initiatives have attempted to address the issue in the most comprehensive manner possible. Only the Peterson Commission issued recommendations that applied not only to the major economic and security elements of foreign assistance but also linked their proposals with changes in U.S. trade policy and ways to promote private investment in developing nations. Most efforts—the Kennedy administration initiative, the Carlucci Commission, the Hamilton-Gilman Task Force, and the Wharton Report—focused strictly on the more traditional humanitarian, development, and military assistance policies. Two other initiatives—the New

Directions legislation and the creation of the IDCA—excluded consideration of changes in security assistance and addressed only economic and development aid reforms.

Membership

The makeup of the various foreign aid reform groups diverged widely. By far the largest and most diverse was the Carlucci Commission, composed of forty-two members, with a mix from the private sector (fifteen), Congress (nine), and congressional and executive ex-officio participants (eighteen). The Kennedy administration effort began as largely a White House–State Department initiative, but it turned into a broader effort after the president named Henry Labouisse, administrator of the International Cooperation Agency, to head a task force and issue recommendations. The Labouisse Task Force included private citizens, representatives from the Ford Foundation, and staff from the International Cooperation Agency. Congress ultimately became extensively involved during debate and passage of the 1961 act.

Other efforts, however, were more exclusive. The key participants in the New Directions legislation and the Hamilton-Gilman Task Force were largely members of Congress, although both initiatives reached out to private international development organizations and the executive branch for input and advice. The Wharton attempt evolved as a closely held State Department activity that faced obstacles at the White House, where a similar review was under way. Congress was brought into the discussion only after Wharton had left his post and State Department lawyers had drafted legislation to implement the findings and recommendations of the somewhat aborted Wharton Report. The Peterson Commission included only private citizens (sixteen), drawn mainly from the financial and legal sectors, the academic community, and corporations. Several had served in senior government or military positions, but none currently held public positions.

Agency Realignment Issues

Abolishing or restructuring existing government agencies is one of the most difficult and contentious activities to undertake by any administration or Congress. These foreign aid reform groups approached this matter in various ways, ranging from a comprehensive reorganization plan to more modest changes at the margins to no recommendations for change. The Peterson Commission set out what was perhaps the most ambitious agenda, calling for the creation three entities: a U.S. International Development Bank, Institute, and Council, the last of which would operate out of the White House as a coordinating mechanism. The Kennedy administration initiative proposed to consolidate the two existing economic aid operatives—the International Cooperation Agency and the Development Loan Fund—into a single entity: the U.S. Agency for International Development. The Carlucci Commission, with an eye on integrating economic and security aid policies, suggested the creation of a new Mutual Development and Security Administration that would manage both aspects of foreign assistance.

Less ambitious were the IDCA, New Directions, and Hamilton-Gilman efforts. In its final form, the IDCA was created as an entirely new structure to coordinate USAID and a few smaller aid components, but this was a significant departure from its earlier version, which planned to incorporate the Treasury Department's aid responsibilities, the Peace

Corps, and the Department of Agriculture's food aid programs under the new coordinating body. The New Directions legislation retained USAID as the primary economic assistance agency, adding only a new Development Coordinating Council to advise the president. The Hamilton-Gilman Task Force recommended the replacement of USAID with an Economic Cooperation Agency, but the responsibilities of the new entity would remain virtually the same.

The Wharton effort proposed no bureaucratic overhaul other than to strengthen USAID, an agency many perceived as severely weakened during the previous administration. Within two years, however, Congress and the administration embarked on a bitter debate, settled only late in the Clinton administration, over whether to abolish USAID and consolidate its responsibilities in the State Department.

Funding Issues

The question of how much to spend on foreign assistance is another thorny matter, especially at times of large budget deficits. Most foreign aid reform efforts either avoided the issue or made it a low-profile aspect of the overall package of recommendations or legislation. Only the Carlucci Commission proposed an increase in all types of American foreign assistance, including an increase in grant military aid that became a controversial subject among the commissioners. The Kennedy administration proposed an increase in economic assistance but with a corresponding reduction in military aid that would result in no change in the net size of the foreign aid budget. Despite the significant cuts to foreign assistance spending between 1985 and 1997, neither of the two reform initiatives undertaken during this period made funding a central topic.

Congressional Oversight Issues

The matter of executive-legislative relations and congressional oversight of foreign aid policies and implementation became prominent in recommendations made by both the Hamilton-Gilman Task Force and the Wharton Report and its associated draft legislation. Each proposed a reduction in congressional earmarking and the elimination and streamlining of a range of foreign aid restrictions and conditions that had been imposed over the years in legislation. The Carlucci Commission also proposed the creation of a formal executive-legislative consultation group. With the degree of partisanship and distrust between the two branches increasing after the Vietnam War and the policies in Central America during the early 1980s, leaders in both branches sought to create a better climate for cooperation and for more constructive oversight of foreign assistance by Congress. Achieving broad consensus, however, has proved extraordinarily difficult.

Legislation

All of the reform groups recommended new legislation to implement their proposals, although with varying degrees of action and success. The Peterson and Carlucci Commissions suggested statutory changes but did not include specific language in their reports. Each of the other efforts made legislation a significant part of the reform package. Draft bills that emerged from the Hamilton-Gilman Task Force and the Wharton Report

were debated but not enacted. The Foreign Assistance Act of 1961, the New Directions legislation in 1973, and the IDCA bill and reorganization plan were examples of successful efforts to significantly rewrite existing laws, although the last initiative was never implemented as envisioned.

Key Challenges Confronting Foreign Aid Reform Efforts

With a nearly forty-five-year record of relatively modest success in foreign aid reform initiatives, several lessons can be drawn from the experience that may help future groups translate their recommendations into new policies that demonstrate impact and achieve the intended results. Nine specific themes are offered here that explain why some initiatives succeeded while others failed.

Gaining Direct Presidential–White House Participation

Having the president, or at least the senior White House staff, play a high-profile, actively engaged role in a foreign aid reform effort is highly desirable and perhaps crucial to its success. The most direct involvement of a president and White House occurred during the Kennedy administration. In the early weeks of the new presidency, communications from the National Security Council and Secretary of State Dean Rusk appealed for the highest level of presidential leadership in developing a strategy to alter U.S. foreign aid policy.¹¹ Within sixty days of his inauguration, President Kennedy sent Congress a special message on foreign aid and made the creation of the Labouisse Task Force the lead announcement of an April 1961 press conference.¹² Passage of the new Foreign Assistance Act was an important element in the administration's legislative agenda, and continuing constructive engagement among White House staff, State Department officials, and key members of Congress paid off with passage of the act on September 4, 1961.

None of the other foreign aid reform efforts had such direct White House, presidential, and State Department involvement. The Wharton group promised at least high-level participation by the State Department. But a separate White House review of funding for all U.S. foreign policy programs stalled completion of the Wharton Report. Subsequently, the deputy secretary fell out of the department's inner circle and resigned before his study was complete.

Congressional initiatives have never received strong administration support, let alone direct involvement of the president or secretary of state. In fact, it is more common for efforts directed by the legislative branch to encounter negative interventions by the executive branch. As the Hamilton-Gilman legislation advanced, for example, White House officials threatened a presidential veto when congressional support waned for earlier task force recommendations regarding fewer earmarks and program restrictions.¹³

¹¹. Memorandum from Secretary of State Rusk to President Kennedy, March 10, 1961. See U.S. Department of State, *Foreign Relations of the United States, 196–1963*, vol. IX: *Foreign Economic Policy* (Government Printing Office, 1997), sec. 6, no. 95, "New Proposals for the Foreign Aid Program."

¹². John F. Kennedy, "Special Message to the Congress on Foreign Aid," March 22, 1961, in *Public Papers of the Presidents of the United States: John F. Kennedy, 1961* (Government Printing Office, 1961), pp. 203–12.

¹³. Rochelle Stanfield, "Built without a Blueprint," *National Journal*, no. 14, April 8, 1989, pp. 846–50.

Maintaining a Cohesive Message among the Primary Advocates

While all commissions, review groups, and other types of entities established to recommend policy change must go through a period of debate and airing of different opinions, once proposals are issued, it is critical for the participants to speak in a supportive and consistent voice while the matter is under consideration by the broader community. This was a particularly strong characteristic of the New Directions legislation and the Kennedy administration reform efforts. The principle architects of the New Directions process were a group of twenty-six House Foreign Affairs Committee members, representing a strong bipartisan core from which to advance the legislation. Equally important, the members of this “rump” group remained together in the following years to monitor how the executive branch implemented the New Directions policy changes.¹⁴ Not only did the Kennedy administration maintain an unusual degree of cohesion between White House and State Department officials throughout their process, but an added level of credibility was achieved when the administrator of the International Cooperation Agency, Henry Labouisse, as chairman of the reform task force, recommended the abolition of his own agency.

Other efforts did not enjoy such cohesion. The creation of the International Development Cooperation Agency was heatedly debated within the executive branch, with the Departments of State and Treasury in opposition and USAID in favor. As the original Humphrey bill became watered down through executive in-fighting, USAID Administrator John Gilligan resigned a month before the president’s submission to Congress of the reorganization plan that would create a significantly weakened IDCA. Fourteen years later, the White House drew attention away from the Wharton effort by launching its own separate review of foreign policy programs and budgets. This had the effect of blurring the purpose and status of the Wharton Report. Likewise, the Hamilton-Gilman Task Force project was brought into question and its bipartisan nature eroded when Congressman Gilman withdrew support from two of the key recommendations: a five-year phase-out of military base rights assistance and a reduction in congressional earmarking.

Marshaling the Involvement of All Stakeholders

It is essential to solicit the active participation of the broadest array of those who will play a role in implementing a foreign aid reform proposal. Such stakeholders would include the White House and appropriate executive agencies, Congress, foreign policy activists, private sector interests, and nongovernmental and international organizations. The Carlucci Commission was perhaps the best example of being inclusive in its makeup and review process. At the other end of the spectrum was the Wharton project, which was very much an “inside” effort with little outreach to Congress or the broader foreign aid community until the later stages.

For congressional initiatives, it is especially important to gain support and active participation across houses to improve the chances of legislative success. Although the New Directions effort evolved around a concept developed by the House Foreign Affairs Committee, its Senate counterpart had launched a similar initiative after the Senate defeated

¹⁴ Congressional Research Service, *The New Directions Mandate and the Agency for International Development* (Library of Congress, July 13, 1981).

a foreign aid bill in 1971. Consequently, the Senate Foreign Relations Committee was ready to follow the House's lead in considering the New Directions legislation. The Hamilton-Gilman Task Force is given high marks for soliciting the views of the broad foreign aid community, meeting frequently over a one-year period with key players within and outside the government.¹⁵ However, the task force did not reach across Congress to engage the Senate Foreign Relations Committee until well after the House had begun to consider the task force's bill. The legislation received no action in the Senate.

Generating Early Congressional Involvement and Ownership If Legislation Planned

If legislation is necessary to implement reform measures, Congress is the critical institution. Recognition of this is one of the important factors that made the Kennedy administration effort succeed. Consultations with key committee members began immediately after Kennedy took office. The March 22, 1961, special foreign aid message, which came before the Labouisse Task Force had formed, signaled Congress that a proposal would be forthcoming. Thus supportive members of Congress were prepared to act once draft legislation arrived.

The Carlucci Commission tried to address this issue by including among the commissioners a number of members of Congress that could later help shepherd the recommendations from concept to law. But the bipartisan nature of the commission members began to erode as the Democrats raised concerns over a perceived bias in favor of security assistance. Ultimately, Representative Matt McHugh, a senior member of the Appropriations Committee, dissented on this issue in the commission's final report.

The Wharton effort evolved into a quagmire of raised congressional expectations, delayed delivery, and shunned legislative branch input until near the end. Deputy Secretary Wharton had told congressional committees in early 1993 that his work would be completed in ninety days, allowing Congress ample time for consideration that year.¹⁶ By the time a draft bill appeared in November 1993, congressional frustration was high and the Democrat-controlled Congress held no ownership of the proposal.

The same principle applies if it is the Congress that initiates: an invitation to the administration to participate should be extended and actively pursued. But the record indicates that the challenge may lie with executive officials who are reluctant to follow the congressional lead. Both the New Directions initiative and the Hamilton-Gilman Task Force sought out administration involvement. Following the defeat of foreign aid authorizing bills in the early 1970s, congressional leaders asked the executive branch to submit a proposal to overhaul development assistance objectives and policy. When a "business-as-usual" draft foreign aid bill arrived on Capitol Hill in early 1973, House and Senate committees abandoned efforts to work with the executive branch and moved to produce their own legislation. Years later the Hamilton-Gilman Task Force actively invited administration input throughout the year-long review period. But executive involvement did not reach a sufficiently high level. And when the task force's proposals to reduce earmarks

¹⁵. For a complete record of the Hamilton-Gilman Task Force activities in 1988, see House Committee on Foreign Affairs, *Background Materials on Foreign Assistance*, 101 Cong. 1 sess. (Government Printing Office, February 1989).

¹⁶. Senate Committee on Foreign Relations, testimony of Clifton R. Wharton, Jr., at his confirmation hearing to become deputy secretary of state, 103 Cong. 1 sess. (January 25, 1993).

and soften restrictions came under question by members of Congress, the administration moved away from endorsing the initiative.¹⁷

Comprehensive Reform Maximizes Impact but Faces Greater Challenges

A broad, comprehensive foreign aid restructuring effort that extends at least across all elements of assistance—and perhaps into trade and overseas investment policy as well—holds the promise of both achieving significant results and bringing greater policy coherence to this important foreign policy instrument. But with a wider scope, the prospects for more resistance and possible failure grow. The two most successful efforts took on a more targeted approach, tackling only a portion of the vast array of foreign assistance programs. The Kennedy administration initiative began with a broad examination of both economic and security assistance but ultimately only focused on economic matters. New Directions legislation, from the outset, sought to affect American policies and programs dealing with development assistance, especially those matters that most directly affected the poorest developing countries.

Moving beyond these targeted initiatives, those that attempted to address the broader framework of military and economic aid issues confronted resistance that undermined the bipartisan spirit of the effort. Both the Carlucci Commission and legislation that emerged from the Wharton Report encountered serious problems over the matter of balancing economic and military programs and over the degree of flexibility to afford the administration in managing security assistance. Seeking greater integration between aid and trade policy has not been part of most review efforts. Only the Peterson Commission, which drew its members exclusively from the private sector, issued recommendations that touched on trade and investment concerns.

Articulating a Clear Policy Message and a Plan for Implementation

Fashioning a foreign aid reform proposal that clearly states the problem, issues recommendations for fixing those problems, and sets out a path for implementation that is well understood by the targeted audience are important ingredients for success. Three of the reform efforts, in particular, were widely criticized for issuing less-than-clear alternative policy frameworks. The Peterson and Carlucci Commissions produced a lengthy list of individual recommendations but fell short on providing a sense of prioritization and how the separate proposals intersected into a coherent, comprehensive structure. Moreover, neither offered a “road map” for executive and legislative action to translate recommendations into reality.

In a similar way, critics of the Wharton effort argued that the proposal lacked a clear “vision” and a unified structure that would lead to a logical strategy framework. The new central objective of economic assistance—sustainable development—was not well defined and led to questions regarding exactly what types of activities would be supported under this overarching goal. Efforts to convince Congress to abandon appropriations tied to functional accounts and to base resource allocations on policy goals did not succeed during the first Clinton budget, even before the Wharton Report emerged. Submission of the

¹⁷ John Felton, “Earmark Tradition Shows Staying Power on Hill,” *Congressional Quarterly Weekly* 47, no. 17 (1989): 903.

Peace, Prosperity, and Democracy Act in late 1993 and a new budget proposal in early 1994 failed to satisfy congressional members who were skeptical of shifting to a more amorphous resource allocation scheme.¹⁸

Reorganizing Bureaucratic Structures

Not since the Foreign Assistance Act of 1961 and the creation of the Agency for International Development has a foreign aid reform commission or legislative initiative been responsible for restructuring how the government administers foreign assistance. Most groups proposed some action on this front but without results. Proposals to abolish agencies or diminish the authority of departments to exercise control over programs encounter serious resistance, usually from those most directly affected and perceived as the “losers” in the reorganization efforts. The difficulty in creating new agencies and alternative points of influence and control can be seen most clearly in some of the recent debates over establishing the Department of Homeland Security and implementing the intelligence reform structural recommendations of the September 11 commission. Events that spark a national crisis, such as the attacks of September 11, may be necessary ingredients for generating support for major bureaucratic reorientation. And even then, as witnessed in the debates over homeland security and intelligence reform, the path is difficult.

While most foreign aid reform groups proposed some sort of reorganization, the recommendations were either not taken seriously, represented marginal change of little substance, or were watered down during interagency discussions. The IDCA is a case in point. The original concept of the Humphrey proposal was to establish a new “super-coordination” body that would help integrate international development policy and programs across the entire U.S. government. But resistance immediately emerged from the Peace Corps, which operated with a large degree of independence, and from the Treasury Department, where continued oversight of U.S. participation in international financial institutions without “interference” of a coordinating unit was aggressively defended. Ultimately, the IDCA formed late in the Carter administration without a mandate to oversee these elements of U.S. development policy. With no interest in strengthening the IDCA evinced by President Reagan and subsequent administrations, the organization never functioned and was abolished in 1999.

Despite the lack of success by foreign aid reform groups in altering the governmental landscape, several foreign assistance agencies have been created in recent decades. The Overseas Private Investment Corporation, the Inter-American and African Development Foundations, the Trade and Development Agency, and the Millennium Challenge Corporation are examples of new structural actors in American foreign assistance. But to some degree the creation of these institutions is symptomatic of the absence of a successful comprehensive reform effort. Like new aid policy goals that have emerged over the years, these new structures have been added but not necessarily *integrated* into a coherent organizational framework, a situation that only compounds the problems of efficient coordination, duplication of effort, and bureaucratic rivalries.

Indeed, growing organizational incoherence is the central critique of foreign aid in chapter 2 of this book. In that chapter Lael Brainard surveys four potential organizational

¹⁸ Larry Nowels, *Foreign Aid Reform Legislation: Background, Contents, and Issues*, Report 94-23 (Congressional Research Service, Library of Congress, February 9, 1994).

models, assessing their strengths and weaknesses in solving the major problems facing U.S. foreign assistance today. As she notes, the reform that holds the greatest promise for material improvements in the effectiveness of foreign assistance also faces the greatest political hurdles.

Forging a Congressional-Executive Partnership in Foreign Aid Policymaking

One of the most contentious foreign aid issues between these two branches of government has been the degree of congressional oversight—or the extent of congressional “intervention,” as executive officials frequently characterize it. Little progress has been made in agreeing on an appropriate balance or the proper threshold for congressional involvement in foreign assistance program management.

Three of the reform groups proposed a reduced congressional role, especially in those areas the executive found most troublesome. The Carlucci Commission recommended that development and military assistance restrictions and conditions be modeled after the authorities that governed the Economic Support Fund. This fund is a highly flexible aid instrument, unencumbered by more rigorous program conditionality and congressional reporting, that provides economic support for security purposes or to countries of strategic importance to the United States. The major goal of the Hamilton-Gilman Task Force was to improve congressional-executive relations in foreign aid policymaking, which led to it to recommend reducing funding earmarks, relaxing some restrictions, and eliminating unnecessary reporting requirements. The Wharton Report and the Peace, Prosperity, and Democracy Act also sought broader executive flexibility and enhanced program authority, coupled with the consolidation of existing restrictions into a series of generic provisions that were not regional or country specific.

Each of these proposals faced stiff opposition in some congressional quarters. Congressman McHugh dissented from the majority on the Carlucci Commission on the matter of enhanced military aid authority. Congressman Gilman withdrew support of his task force’s recommendation to reduce earmarks. And the Wharton effort and the follow-on legislation upset key congressional allies by proposing more flexible security assistance authorities and the elimination of the Development Fund for Africa, an initiative that Democrats had enacted in the late 1980s in order to protect funding for development assistance in sub-Saharan Africa.

In chapter 8 Charles Flickner discusses the current impediments to an effective partnership between Congress and the executive branch. His recommendations recognize the limitations on Congress tying its own hands, and instead focus on reinvigorating the oversight role of authorizers; improving the effectiveness of communication among authorizers, appropriators, and executive branch officials; and narrowing the scope for certain types of binding earmarks and presidential initiatives to similar degrees.

Timing Foreign Aid Reform Recommendations to Maximize Success

Formulating a reform agenda that fits best within the executive schedule and the congressional calendar is a factor that should be given serious attention. Most observers will agree that new policy initiatives formulated early in a new administration and submitted to Congress before the summer-dominated season of appropriation bills is optimum.

The Kennedy administration effort is the best example that followed this conventional wisdom. The president first publicly announced plans to offer a foreign aid reform proposal on March 10, 1961, six weeks after taking office; submitted a draft bill to Congress on May 26; and signed the legislation on September 4. The New Directions initiative and the Hamilton-Gilman Task Force were also well timed. House and Senate authorizing committees produced bills in the spring of 1973, the first year of a new Congress, thereby avoiding debate on a major foreign aid issue during the following election year of 1974. The Hamilton-Gilman effort used the second session of the 100th Congress to conduct its review and formulate recommendations before circulating a draft bill early in the new legislative session after the inauguration of President George H.W. Bush.

Other initiatives were not as well timed, a factor that worked against their ultimate goal. The Peterson Commission did not issue its final report until March 4, 1970, too late for the Nixon administration to translate the recommendations into legislation that nonelection year. Even so, the White House took an additional thirteen months to submit a draft bill to a waiting Congress, a point at which the House Foreign Affairs Committee believed it was too late to consider. The Carlucci Commission produced its list of findings and policy proposals in November 1983, which would have forced administration attention during the final year of the first Reagan term and congressional debate during a period leading up to national elections. The Wharton effort promised a plan early in the Clinton administration but delivered it nearly a year later, another instance of an untimely debut in an election year.

While timing is important, unforeseen events can emerge to challenge and possibly derail movement on reform initiatives. Although it would be difficult to imagine any circumstances that might have transformed the IDCA into a functioning entity, the election of President Reagan in 1980, the transfer of Senate control to Republicans, and the emergence of Senator Charles Percy, an IDCA opponent, as chairman of the Senate Foreign Relations Committee sealed its status as an orphan organization. At the time the Carlucci Commission issued its report, the administration and Congress became increasingly distracted by events in Central America and the high-profile recommendations of the Kissinger Commission for U.S. policy in the region. Similarly, despite the delay of the Wharton Report, it may have been possible to refine the draft bill and resubmit it to Congress in 1995. However, the surprise loss of the House majority by Democrats in the 1994 election fundamentally altered the political landscape and ended any chance for reviving the Peace, Prosperity, and Democracy Act. Perhaps one lesson for policy review groups is to minimize the length of time between the conclusion of work and the implementation decision point.

Conclusion

The record of foreign aid reform commissions and comprehensive legislative rewrite efforts over the past forty-five years has been modest at best. Few achieved their intended results or will be remembered as a “model” process for future endeavors. Nevertheless, this is not to say that the findings and recommendations that emerged from the various reform groups had no policy impact. In fact, some proposals appear to have formed the basis for subsequent discussions and debates. The Hamilton-Gilman Task Force recommendations for reshaping U.S. development goals resemble to a large extent the structure proposed in the Wharton Report and are similar to development assistance strategic objectives adopted

by USAID during the Clinton and Bush administrations. The task force's view that Congress should reduce the practice of earmarking initiated a debate that continues today. In the intervening period, foreign aid appropriation bills have eliminated a number of earmarks in the legislation itself and substituted a growing body of "soft" or nonmandatory provisions in committee reports that offer some degree of flexibility to the administration. The Wharton group debated the topic of abolishing USAID and merging its functions into the State Department but abandoned the idea. The issue returned a year later and continued as a contentious matter within and between the executive and legislative branches. Although not abolished, USAID has seen its responsibilities narrow as new foreign aid initiatives have emerged during the current Bush administration.

At the same time, it is clear that substantial changes in foreign aid goals, policies, and practices can occur without the backing of a formal commission, task force, or other similar effort. Incrementally, the shape of U.S. foreign assistance since the end of the cold war has undergone significant alterations. Separate aid programs emerged to help the states of Eastern Europe and the former Soviet Union transition to democratic societies and market economies. Relief for the most heavily indebted poor countries expanded during the 1990s, culminating in a multilateral framework within which the U.S. is a major participant.

There have been many more recent piecemeal developments as well. As detailed in chapter 3 by Steven Morrison, promoting global health has become a dominant feature of American development aid policy, with a significant increase in emphasis and resources on combating HIV/AIDS, malaria, and tuberculosis. As shown by Steven Hansch in chapter 5, humanitarian assistance has expanded. A highly selective, performance-based program—the Millennium Challenge Account—has been established, as described by Steve Radelet in chapter 4. In the post-September 11 era, the war on terrorism, as discussed by Patrick Cronin and Tarek Ghani in chapter 7, has become an increasingly important foreign aid priority. Moreover, significant transitions in agency authority and policy guidance over foreign aid have occurred, with the Defense Department and domestic agencies assuming responsibilities that traditionally have been under the direction of the State Department and USAID. All of this has occurred separately from any broad reform process.

The very nature of this incremental approach, however, is what leads a number of analysts—including the contributors to this volume—to conclude that some type of overarching, comprehensive effort is needed to bring policy coherency and strategic relevance to American foreign assistance in the twenty-first century. Perhaps the record of previous efforts can help guide those responsible for the next attempt at a broad-based foreign aid reform initiative.