

**FOREIGN AID REFORM: HEARINGS BEFORE THE
SUBCOMMITTEE ON INTERNATIONAL
ECONOMIC POLICY, TRADE, OCEANS AND
ENVIRONMENT AFFAIRS OF THE COMMITTEE
ON FOREIGN RELATIONS, UNITED STATES
SENATE, 103RD CONGRESS, 2ND SESSION,
FEBRUARY 9, 22 AND MARCH 3, 1994**

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COMMITTEE ON FOREIGN RELATIONS

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FOREIGN AID REFORM

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OCEANS AND ENVIRONMENT AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

FEBRUARY 9, 22 AND MARCH 3, 1994

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FOREIGN AID REFORM PROPOSAL

WEDNESDAY, FEBRUARY 9, 1994

U.S. SENATE,
SUBCOMMITTEE ON INTERNATIONAL ECONOMIC
POLICY, TRADE, OCEANS AND ENVIRONMENT
OF THE COMMITTEE ON FOREIGN RELATIONS
Washington, DC.

The subcommittee met, pursuant to notice, at 2:20 p.m. in room SD-419, Dirksen Senate Office Building, Hon. Paul S. Sarbanes (chairman of the subcommittee) presiding.

Present: Senators Sarbanes, Pell, Dodd, Feingold, Kassebaum, Pressler, and Jeffords.

Also Present: Robert Lester, Assistant General Counsel, AID.

Senator SARBANES. The committee will come to order. I yield to the chairman of the full committee.

The CHAIRMAN. Thank you, Mr. Chairman. I would like to commend you for promptly calling this hearing on the administration's Peace, Prosperity and Democracy Act to reform the American—the United States Foreign Assistance Program.

Many of us in Congress have called for a long time for a major rewrite of the Foreign Assistance Act of 1961 to reshape our foreign aid program with the needs of the post-cold war world.

Over the last few years, Senator Sarbanes has held numerous hearings and under his leadership the Senate passed the foreign aid authorization bill that took initial steps toward reform. I look forward to working with him, with the administration to enact foreign aid reform this year, and welcome Administrator Atwood and Under Secretary Moose to this hearing. I look forward to their comments. I may not be able to hear them all, but I look forward to reading them after I have to depart. Thank you.

Senator SARBANES. Thank you very much, Mr. Chairman. I will make a short opening statement, and then I will yield to Senator Kassebaum.

I am very pleased to welcome you to the subcommittee's first hearing on the foreign aid reform bill that was formally submitted by the administration just last week, and we have tried to move expeditiously to have at least this opening hearing before the February recess.

Actually, I think it is fair to say this is the continuation of a process that has been going on for some time in varying places and at varying speeds.

Senator Kassebaum has been interested in this issue for quite some time and has made a number of very positive and constructive suggestions, some of which actually have been incorporated

into the existing law. We marked up a bill last year and got it out of the committee, but we were not able to proceed further with it.

In fact, last spring we held hearings in the subcommittee on various aspects of the foreign aid program and the areas in need of reform. We held a hearing on changing priorities in the wake of the end of the cold war, another hearing on the role and the experiences of the PVO's and the NGO's, a third on policies and programs for economic development, a fourth on security assistance in the post-cold war era, and a final hearing dealing with the report of the Wharton Task Force.

These are the hearings that were held over the course of the past year—so in a sense this is a continuation of that process.

I want to commend Administrator Atwood and Under Secretary Moose for the consultation that has taken place between the administration and the Hill. That does not mean there are not concerns about the bill that has been submitted by the administration, but I do think a genuine effort was made continuously to provide an opportunity for input from the Hill and to consult over this legislation as it evolved.

I expect we will do some additional hearings, although I am frank to say it is my own view that we do not need another—at least, I am not at the moment persuaded that we need a long set of hearings, having been through this thing many times and many aspects of it, and then I would hope we could proceed to a markup.

Now the purpose of this hearing is to examine the policy aspects of the proposed legislation. We will not get into specific numbers, which will be addressed by the Secretary when he comes before the full committee following the recess. I think that date has been set for the full committee hearing.

We do not yet have the congressional presentation documents that set out the budget figures by program, and obviously we need those as we deal with the Secretary when he makes his presentation, and I am sure they will become relevant to the task that is before us here.

So gentlemen, we are pleased to have you here, and we will turn to you for your statements in a moment after we hear from other colleagues who are present, and first from Senator Kassebaum.

Senator KASSEBAUM. Thank you, Mr. Chairman. I very much appreciate your interest in this. I do think we took some valuable steps forward last year. As you say, it did not necessarily come to fruition, but I think that it actually became a part of sort of the thinking process that has been very beneficial. I, too, want to commend the administration for a very constructive and thoughtful proposal.

Both of you represent two people who understand well the whole issue of foreign aid, the ramifications of that. Both of you know Africa well, where I think we have seen the pluses and minuses of foreign aid, and that helps guide us perhaps elsewhere as well.

I hope that the administration from the top on down will give a commitment to this, and will help us put together a package that has an efficiency and an accountability that we have badly needed to put into our foreign aid programs.

As both of you know, public skepticism runs high, and I think that we, in order to make sure that we can speak to the positive

aspects of foreign aid, have to make sure we have a product that lends itself to that, so I look forward to working with you, to working with the chairman to see what we can do.

I have some concerns, including the coordination mechanisms in the bill and the authorities in the democracy title. I have visited with Administrator Atwood about these. I think, in particular, that the whole democracy initiative in all of its various ramifications can be a bit amorphous I would say, too, the expansion of the disaster program concerns me. All of these are things we can examine in some hearings and explore right now.

I think, Mr. Chairman, that we do have a unique opportunity to undertake real reform this year, and I have greatly valued Administrator Atwood's interest and dedication to this, and look forward to working with you. Thank you.

Senator SARBANES. Thank you very much. Senator Feingold.

Senator FEINGOLD. Also, Mr. Chairman, thank you.

I want to welcome the witnesses. As I have heard about the efforts that you have made in the past year, I want to be helpful.

I had a chance to mention to people back home, for example, the reduction of missions that have been done in AID. That is definitely the kind of thing that people want to hear, as you and everyone else want it to be part of a rational reformulation of foreign policy and not a meat-axe of the program, so I congratulate you on what you have done this far and laud you in your future tries.

Senator SARBANES. Gentlemen, we are ready to hear from you.

STATEMENT OF HON. RICHARD M. MOOSE, UNDER SECRETARY FOR MANAGEMENT, DEPARTMENT OF STATE

Mr. MOOSE. Thank you very much, Mr. Chairman and members of the committee. It is a pleasure to be here in this committee again, as an individual and with my friend Brian Atwood.

I request, Mr. Chairman, that my formal statement be entered in the record, and I will just summarize it.

Senator SARBANES. Your full statement will be included in the record.

Mr. MOOSE. Thank you, Mr. Chairman. The legislation before you today, the Peace, Prosperity, and Democracy Act, represents the Clinton administration's initiative for achieving the long overdue reform of our international affairs programs, an objective long sought by many members of this committee as the remarks today attest.

Our goal in presenting this legislation is to make foreign assistance and other international cooperation programs function more effectively as tools of U.S. foreign policy. Thus, this is not just another foreign aid bill, it is a foreign policy bill.

The authorities and the accounts in the existing Foreign Assistance Act, based on functional types of aid—for example, foreign military financing or economic support funds—in many instances are no longer appropriate as links between our international programs and our new policy objectives.

As I went through the Foreign Assistance Act, Mr. Chairman, in preparing for this hearing, I came across a lot of familiar language, some of which I may have helped to fashion when I was here.