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THE WHITE HOUSE

WASHINGTON

June 7, 1989

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NATIONAL SECURITY REVIEW 16

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
THE ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS  
THE ASSISTANT TO THE PRESIDENT FOR  
ECONOMIC AND DOMESTIC POLICY  
CHAIRMAN, JOINT CHIEFS OF STAFF  
ADMINISTRATOR, AGENCY FOR INTERNATIONAL  
DEVELOPMENT  
DIRECTOR, UNITED STATES INFORMATION AGENCY

SUBJECT: Comprehensive Review of International Affairs  
Budget and Programs (U)

While reviewing U.S. regional policies and defense strategies, it is equally important to review programs and resources that help us achieve our foreign policy goals. These programs, mainly funded through the international affairs function of the budget (Function 150), include bilateral security, economic, and development assistance; multilateral assistance; international communications, including USIA; counter-narcotics assistance; refugee assistance; contributions to international organizations; and related activities. (U)

A comprehensive Administration approach to the full range of international affairs programs is essential if we are to ensure that these programs support U.S. foreign policy goals. New claims and proposals to reallocate resources are likely to emerge from the reevaluation of our national security strategy. We must ensure that program objectives and resource priorities match both global and regional foreign policy goals and that programs are structured to achieve the results we seek. (C)

There may at present be a historic opportunity to shape our foreign assistance to be a more effective foreign policy instrument and to better serve the aid recipients. Congressional interest in reforming the foreign assistance program and the freedom of action available to a new Administration present an unusual opportunity. (U)

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under provisions of E.O. 12958  
by R. Soubers, National Security Council  
F92-1393

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I therefore direct NSC and OMB to coordinate a comprehensive review of international affairs programs. The review should evaluate the role of international affairs programs in carrying out our national strategy, addressing program objectives and effectiveness as well as resource requirements and legislative strategies. It should be completed by July 21, 1989, so as to guide preparation of the Fiscal Year 1991 budget. (C)

This National Security Review should take into account the ongoing reviews of national security strategy, military force structure, arms control, and regional foreign policy reviews. (U)

The review should challenge current assumptions concerning the program, identify clear policy options and include recommendations. Any differences in views should be noted. At a minimum, the review should consider the following questions and issues. (C)

PART I. ASSESSMENT

- What are our current international affairs programs and how are funds currently allocated among them? (U)
- How do we presently define our program objectives? Are these definitions adequate? (U)
- Are the international affairs programs well tied to and coordinated with our foreign policy interests? (C)
- What are the resource implications of the regional foreign policy reviews? (C)
- Are current structure and funding adequate to meet our existing objectives? What factors can arise that would raise or lower funding requirements in Function 150 over the next five years? Are there alternative approaches such as greater coordination with our allies to meet funding requirements? (C)
- How is the effectiveness of our international affairs program measured? Are these measures adequate to ensure that the programs achieve their goals? (C)
- What are the major factors limiting program effectiveness? (C)

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- Describe current management and coordination arrangements of international affairs programs and evaluate their strengths and weaknesses. Can we reduce the overhead and attendant expenses of carrying out international affairs programs? (C)
- Will the Hamilton/Fascell effort underway as a result of the Hamilton Task Force help solve problems in the program? What problems will remain? What new problems might it create? (C)
- How can we most effectively address any shortfall between requirements and resources? Can our allies be helpful? (C)
- Is coordination among different international affairs programs adequate to ensure that all available resources can be brought to bear to achieve policy goals in a coherent manner? (U)
- What is the situation in Congress with regard to the international affairs budget and what are the prospects over the longer term for support of the President's program? (U)

PART II. POLICY OPTIONS

- What should be the policy goals for Function 150? (C)
- Given budget realities, can and should the Function 150 account budget be increased? (U)
- What shifts in priorities and resource allocations are recommended in programs and regions as a result of the national strategy reviews? (C)
- How should we change the way in which international affairs programs are evaluated? (U)
- What changes are recommended to increase effectiveness of our international affairs programs? (U)
- In the light of the Fascell legislation as it emerges and our own review of international affairs program structure, management, and coordination, what recommendations can be made to change international affairs legislation, including minimizing micromanagement by Congress and increasing Executive Branch flexibility? (C)

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- What new structural or management arrangements should be established and how should existing procedures be changed to improve coordination across and within programs? (C)
- What are the recommendations for reducing overhead and attendant expenses of carrying out our international affairs programs? (C)
- What is the recommended strategy for stretching resources, including possible coordination with allies? (C)
- What is the recommended strategy for increasing Congressional support for international affairs programs and for reducing micromanagement and loss of Executive flexibility? The review should recommend a strategy to win greater Congressional and public support for international affairs programs so the effectiveness of these programs as both foreign policy instruments and quality of life enhancers is increased. (C)

*G. Bush*

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