The Heritage Foundation Institution Analysis

No. 33 | The Heritage Foundation • 214 Massachusetts Avenue • N.E. • Washington, D.C. • (202) 546-4400

December 5, 1984

THE PEACE CORPS: OUT OF STEP WITH REAGAN

> In staff meetings, you never hear her say, 'We've got to move on the President's agenda.' Instead, she says, 'We've got to get legislation to change that [the President's agenda].'
>
> -Former Peace Corps Executive about Peace Corps Director Loret Miller Ruppe[1]

INTRODUCTION

President Ronald Reagan in 1981 nominated Loret Miller Ruppe to be director of the Peace Corps, a $100 million-per-year agency with 5,400 paid volunteers and 1,100 full-time employees operating in 60 countries around the world. Now, on the eve of Reagan's second term, the Peace Corps still largely ignores the Reagan Agenda. Not only have the agency and its director snubbed Reagan policy, they have actually fought against it on Capitol Hill. In numerous ways the Peace Corps has been an annoying thorn in Reagan's side, disregarding White House directives, making personnel appointments without proper White House clearance, and dragging its heels on vital foreign policy initiatives. As a result, many opportunities have been missed for extending the Reagan mandate to the Peace Corps.

BACKGROUND

Launched in 1961 with a budget of $30 million and 6,646 volunteers, the Peace Corps set out to teach the illiterate, unskilled, and desperate peoples of the developing world. Operat-

---

1 Interview, September 6, 1984.

ing under the State Department, the Corps also was intended as something of a training school, an academy for those who later would rise through the ranks of government service. Also, Moscow was on the mind. During the late 1950s and early 1960s, the Soviets dispatched thousands of teachers and technical advisers to the developing world. In strategic terms, the Peace Corps was seen as a counterweight. An amendment to the Peace Corps Act provided for the training of prospective volunteers in the tactics and "menace" of communism before they went abroad. The Corps was never intended to be blindly altruistic. Rather, it was designed to be an interpersonal demonstration of the fruits of democracy and free enterprise.

Things changed as anti-Americanism raged through the U.S. in the late 1960s and early 1970s. The Peace Corps became a haven for those opposed to American foreign policy. The agency's headquarters in Washington, located a short walk from the White House, became a staging area for anti-Vietnam War protestors. President Richard Nixon responded in kind, cutting the agency's budget and placing its management under ACTION, an umbrella agency responsible for various domestic and international service organizations.

Under Jimmy Carter, the Peace Corps' budget again climbed, soaring to $99.9 million. Carter signed an Executive Order stripping ACTION of many of its oversight responsibilities for the Corps. Carter also managed to restore a flavor to the Corps that was hypercritical of the U.S.

Current controversy about the Corps began almost as soon as Reagan nominated Ruppe as director. Assuming the helm of the $100 million agency was her first real job, although she had been active in Michigan politics for many years. She moved quickly to quash the Reagan Agenda. The Office of Management and Budget proposed cutting the Corps' fiscal 1982 budget to $83.6 million; she successfully lobbied against it. Reagan nominated Tom Pauken to be director of ACTION, which then still shared limited managerial resources with the Peace Corps; she moved against Pauken's nomination. On March 18, 1981, Ruppe and then Peace Corps Deputy Director William Sykes, a Carter Administration holdover, sent a letter to Senator Alan Cranston (D-CA), which challenged Pauken's nomination. The Ruppe-Sykes letter sought to discredit Pauken for his service as an Army intelligence officer in Vietnam. "She took a very active role in trying to undercut Pauken's nomination," an ACTION official told The Heritage Foundation.[2] Ruppe maintained that Pauken's background could be used to discredit the Peace Corps.

Over Ruppe's objections, the Senate approved Pauken; his confirmation, however, spurred legislation to sever remaining

---

2 Interview, September 5, 1984.

ACTION and Peace Corps ties. The Reagan Administration unsuccessfully opposed the legislation, claiming the unnecessary duplication of administrative overhead would cost the taxpayers an additional $3 million to $7 million per year.[3] Ruppe conducted a successful behind-the-scenes lobbying campaign against the White House position. An ACTION official told The Heritage Foundation, "She fought vociferously against the Administration position that the Peace Corps should be a part of ACTION." Ruppe admitted as much to Washington Post columnist David Broder[4] and later apologized for her activities to Representative Dan Lungren (R-CA), who led the fight against separation legislation in the House.

The White House forced Ruppe to fire Sykes in December 1981. Sykes subsequently became director of the Ohio Department of Administrative Services at the request of Democratic governor Richard Celeste, a former Peace Corps director appointed by Jimmy Carter.

PERSONNEL PROBLEMS

In August 1982, Reagan appointed Edward A. Curran to be the new Peace Corps deputy director. Prior to this appointment, Curran had served the Reagan Administration as associate director of White House personnel and as the director of the National Institute of Education. At the Peace Corps, Curran attempted to carry out Reagan Administration policy, stressing economic growth, income creation, and other means to alleviate poverty and combat socialism in Third World countries. Curran also questioned some of Ruppe's appointments and expressed concern over what he saw as mismanagement.

Ruppe soon turned on her deputy. On April 13, 1983, she stripped him of most of his staff and official duties, including authority as acting director in her absence. When White House officials ordered Curran's authority restored, Ruppe attempted to discredit him by secretly tape-recording a conversation with him. The episode ended up in The Washington Post, which reported:

> Peace Corps Director Loret M. Ruppe secretly tape-recorded her deputy, Edward A. Curran, during a meeting last summer in which Ruppe repeatedly questioned Curran about their continuing difficulties getting along.
>
> Agency employees on both sides of the personal and ideological dispute say that Ruppe apparently was trying to trap Curran into making embarrassing or disloyal

---

3 OMB estimated $3 million per year. ACTION estimated $7 million per year. Congressional Record, December 9, 1981, p. H9009.

4 The Washington Post, January 17, 1982.

statements that Ruppe could use to convince her allies in the White House that Curran should be fired....[5]

Curran did not bite. He remains a deputy director, although, against White House instructions, Ruppe has not restored his authorities. Curran remains excluded from top-level Peace Corps staff meetings and policy discussions. "Ed's still out of the loop," a Peace Corps employee told The Heritage Foundation. "Loret's strategy is to make him so miserable that he'll quit."[6]

While unsuccessful with Curran, this strategy has worked on numerous other Peace Corps executives, whose loyalty to the Reagan Agenda was perceived as stronger than their loyalty to Director Ruppe. "There are only three of us left," a Peace Corps executive and Reagan loyalist told The Heritage Foundation by way of describing the director's ideological purge. Added another survivor: "She threw up wall dividers in the office and said, rather disdainfully, 'I want the conservatives on <u>that</u> side.'"

Ruppe has also carried on a running battle with the White House personnel office, responsible for screening all noncareer administration appointees. This includes top Peace Corps management and country directors, responsible for operations in each country served. The feud started early. In 1981, Ruppe appointed ten country directors who had been selected by the lame duck Carter Administration. The following year, over White House objections, she named Chris Sale as the Corps' budget director. Sale later left to join Governor Celeste's cabinet in Ohio.[7] Although told that the White House did not approve, last summer Ruppe appointed and had Edward J. Slevin sworn in as Peace Corps director of the Philippines. His appointment had been put on hold by the White House pending an investigation of charges that his firm was awarded improper contracts from the Commodity Futures Trading Commission.[8]

POLICY DIFFERENCES

The variance in the priority attached by Ruppe to Zimbabwe and Grenada further illustrates Peace Corps policy differences with the Reagan Adminstration. Following a 1982 visit to Zimbabwe, Ruppe proposed sending Peace Corps volunteers to that war-torn Marxist nation. A plan submitted to William Clark, then Reagan's national security advisor, called for the initial transfer of 25 Peace Corps volunteers to Zimbabwe from other African countries. The plan called for spending $226,000 on the project in fiscal 1983 and more than $1.5 million by 1985, when Ruppe envisioned up

---

5 <u>The Washington Post</u>, January 7, 1982.
6 Interview, September 27, 1984.
7 <u>The Washington Times</u>, July 11, 1983.
8 <u>The Washington Times</u>, July 23, 1984.

to 90 Peace Corps volunteers for Zimbabwe. The State Department strongly objected to Ruppe's plan, as did Curran, her deputy director. The plan was scrapped. It would have penalized other African countries for the sake of Zimbabwe--which, after all, pursues a very anti-U.S. foreign policy. Ruppe's enthusiasm for Zimbabwe varies greatly with the Peace Corps' lukewarm treatment of Grenada.

In October 1983, U.S. forces liberated Grenada. This tiny island-nation previously had been governed by a Marxist dictatorship under substantial Soviet and Cuban influence. Following the liberation, East Bloc and Cuban personnel were expelled from Grenada. Many of the Cubans had worked on the island as "teachers." Following their deportation, Grenada acutely needed teachers and technical experts. The Peace Corps could have moved quickly to fill this vacuum and reinforce the White House's strong commitment to rebuilding a free Grenada. Ruppe did not. Following much discussion, a handful of volunteers were dispatched to the island. As of October 1984, only 12 Peace Corps volunteers served on Grenada: ten teachers and two agricultural experts.

PEACE CORPS RELATIONSHIPS WITH OTHER POLICIES

The United Nations

An "above the battle" attitude has shown up in other areas. In June 1981, a time when the White House and Ambassador Jeane Kirkpatrick were reevaluating United States United Nations policy, Ruppe announced that the Peace Corps planned to send its first volunteer to the People's Republic of China under U.N. auspices. Also under Ruppe, the Peace Corps has continued its support of the United Nations Volunteer (UNV) programs and the United Nations High Commissioner for Refugees (UNHCR). In fiscal 1983, the Peace Corps was the largest contributor to the UNV's Special Voluntary Fund, providing $150,000. The agency continues to recruit, screen, and train American UNVs for UNHCR programs in the face of mounting evidence that a number of U.N. agency refugee camps aid communist rebels and radical terrorists throughout the world. Reported a Heritage Foundation study this July: "State Department Officials report that UNHCR-funded camps on the Honduran border with El Salvador are being used by leftist rebels on a massive scale." The Heritage report also cited UNHCR support of terrorist national liberation movements in Africa including the South West Africa People's Organization (SWAPO) and the African National Congress (ANC). Still, Peace Corps support for these programs continues.[9]

---

9 Juliana Geran Pilon, "Are United Nations Camps Cheating Refugees in Honduras?" Heritage Foundation, Backgrounder No. 368, July 23, 1984, pp. 2-7.

Section 8(c) Anti-Communism Training

Section 8(c) of the Peace Corps Act provides for the training of Peace Corps volunteers in the tactics and "menace" of communism. Abandoned by previous Peace Corps directors, 8(c) and its resurrection became a Reagan Administration priority. During nearly four years as Peace Corps director, however, Ruppe has just about ignored the President on this matter. Peace Corps volunteers are taught little about the nature of the communist threat. A $50,000 filmstrip designed to provide 8(c) training was shelved after an initial viewing by Peace Corps volunteers in Miami, one of whom described it as "the worst thing I have ever seen." Supporters and critics of 8(c) branded the presentation as simplistic and heavy-handed. Edward Vendette, a professor of Russian history at Michigan Technological University, was paid $175-a-day over three months to write the script for the jettisoned production. Ruppe hired Vendette because she claimed to be familiar with his work. One former Peace Corps executive who had seen the slideshow described it as "inaccurate and pandering. It wasn't anti-communist at all. In fact, it attempted to justify Soviet paranoia as an excuse for their military adventurism."[10]

Following the filmstrip disaster, the agency attempted to provide 8(c) training with a discussion "module" dealing with comparative governments. This too missed the mark. "It was methodology without much substance," a former Peace Corps executive familiar with the project recalls. "It only tangentially addressed anti-communist training. I got the impression that people in the director's office weren't real upset by this."[11]

Members of the Peace Corps Advisory Council, a nonpartisan, presidentially appointed committee that evaluates the agency's programming and offers advice, as early as 1982 expressed concern over this apparent 8(c) foot-dragging. When the council's co-chairmen attempted to investigate the delay in implementing 8(c), Ruppe and her staff in effect blocked them. Council co-chairmen David L. Jones and Diana D.S. Denman charged that Ruppe was conducting a coverup. These views came to light in the council's 1982 Minority Report.

> Unfortunately the council has not been permitted to operate unhindered and exercise its independent judgment without inappropriate influence. The dissenting members are concerned that top Peace Corps management, including the Director, have interfered with the prerogatives of the Co-Chairmen to set the agenda and conduct meetings independently. The minority further asserts that these same individuals have acted to suppress legitimate inquiry and open discussion mandated by law and

---

10 Interview, August 7, 1984.
11 Interview, November 27, 1984.

> charter in order to prevent embarrassment over serious policy and management deficiencies. One example of the Senior Staff's attempt to manipulate the Council's activities and subsequent recommendations is the preemptory establishing of a new agenda without consulting the Council. This unauthorized agenda eliminates--among other things--discussion of progress on the 8(c) Communism training.[12]

One year later, Jones and Denman, along with 1983 council co-chairmen Van Dyck Hubbard and Margaret P. Scott, made similar charges in a letter to John Herrington, director of presidential personnel.

Almost four years after the Reagan Administration directed the Peace Corps to revive the training of agency volunteers in the tactics and "menace" of communism, as required by Section 8(c) of the Peace Corps Act, the agency remains without an effective and substantive vehicle to do so.

Caribbean Basin Initiative (CBI)

In a speech before the Organization of American States in February 1982, Ronald Reagan unveiled his "Caribbean Basin Initiative," a plan to improve the struggling economies and thereby strengthen the stability of nations in the region. This is a project to which the Peace Corps could be making important contributions. Yet almost three years after this presidential proposal, the Corps' response has been merely the printing of 200 manuals designed to guide volunteers in preparing "Agribusiness Assessment" feasibility studies, only five of which were completed by February 1984. Additionally, 165 volunteers were trained by three "recognized commercial experts" in agribusiness. According to the agency's February 1984 CBI update report, the feasibility studies are designed to help local farmers throughout the region qualify for financing and credit programs. Given the importance the Reagan Administration has attached to CBI, these efforts appear embarrassingly meager.

Evidence has been presented to the White House, meanwhile, that at Ruppe's direction the Peace Corps diverted resources from the Caribbean region to cover budget mismanagement by Gerald McIntosh, then Peace Corps Africa Region director. According to a report sent to the White House,

> By the end of the second quarter of fiscal year 1983, [McIntosh] reported that he needed an additional $2.5 million to meet current and anticipated obligations.... Mrs. Ruppe directed that these problems be covered by transfering resources to Africa that had already been

---

12 Peace Corps Advisory Council Minority Report, September 21, 1982.

allocated to other regions even though this action would be at the expense of other priorities of the President in Latin America and the Caribbean Basin. Agency executives were told to use the rationale for public consumption that exchange rates, inflation, and infrastructure problems were responsible for the Africa budget excesses rather than evidence of mismanagement.

McIntosh, a former Michigan education administrator appointed by Ruppe, resigned as Africa Region director in October 1983 after the agency learned he had received double salary payments worth $22,000. (David Scotton, Ruppe's executive assistant, instructed the Peace Corps public affairs office not to respond to press inquiries about the McIntosh scandal. This was deemed a violation of the Federal Code by the agency's general counsel and then-acting director of public affairs, who resigned shortly thereafter. Since taking office, Ruppe has had four directors or acting-directors of public affairs.)

Income Generation Initiative

In an October 15, 1981, speech before the World Affairs Council in Philadelphia, Reagan championed free enterprise as the surest way to combat poverty and unemployment around the globe. Taking the President's cue, the Peace Corps incorporated an "Income Generation Initiative" into their 1982 "Forward Plan." Since then, almost nothing has happened. According to the agency's own documents, the Peace Corps has developed a list of 26 countries possibly suited for development of small-scale enterprise, yet a final decision as to where this "initiative" will be tried has yet to be made. The agency does not plan to start the project before 1986, almost five years after Reagan proposed it.

EVALUATING PEACE CORPS MANAGEMENT

One former Reagan Administration Peace Corps executive warns: "The agency is totally out of control from a purely managerial perspective."[13] Ruppe and members of her senior staff claim the agency is well-managed. Yet, with a new performance yardstick, managers would not grade each other; they would grade themselves. This is guaranteed to produce poor management.

The yardstick, called Country Program Review (CPR), was first introduced in 1981 as a way to measure the effectiveness of and formulate country management plans. Data for the original CPR were to come from all individuals involved with particular Peace Corps country programs, inside and outside the agency. Under the streamlined CPR, due to debut in 1985, however, Peace Corps field staff will make the entire review and analysis of the

---

[13] Interview, September 6, 1984.

results, in essence grading themselves. A 1984 General Accounting Office Survey of Management of Peace Corps Operations took issue with the agency's plan to introduced streamlined CPR.

> We recognize the Peace Corps' resource constraints in attempting to develop a sound process for evaluating the quality of its overseas programs. On the other hand, external participation in the evaluation process generally provides greater assurance that objective information is obtained by management. Since it appears that no external participation is intended for the streamlined CPR, the Agency should test other ways to build objectivity into the process.[14]

Financial controls provide another performance measurement. Several Peace Corps audits of country operations have uncovered deficiencies in this area. Keeping track of Peace Corps funds abroad has often proved elusive. A 1984 audit of Malaysia "identified recoverable funds totaling $50,715.45 and resulted in two resignations, five reprimands, and one referral to the Justice Department for prosecution."[15] In Lesotho, $8,035.23 vanished.[16] An audit of Botswana operations uncovered $7,700 worth of unrecorded debts, a mismanaged cash fund, and holiday pay dispensed when nobody worked. The Peace Corps auditors reported, "our review of the administrative management activities of the Peace Corps post in Botswana indicates that the Post has not been operated well. Most of the major administrative functions have been carelessly managed, resulting in waste and inefficiency in the use of resources."[17] In light of the Botswana audit, Ruppe appointed Dr. Anna Marie Hayes country director for Peace Corps/Botswana. Hayes had previously served as country director of Malawi, which had already drawn criticism.[18]

Management is judged mainly on speed and efficiency. Can it combine quickness and economy in effecting philosophy and directives from higher levels? The answer is that the Peace Corps has dragged its heels when confronted with Reagan Administration foreign policy initiatives. It has fought Reagan Administration personnel guidelines and appointments. It has embarrassed the Reagan Administration abroad by the conduct of its employees. One out of every twenty female Peace Corps volunteers became pregnant in 1981. Seventy had abortions during that year alone.[19] Peace Corps employees have been implicated in financial and drug scandals abroad, most recently in Malawi.[20] Under the Reagan

---

14 General Accounting Office Survey of Management of Peace Corps Operations, April 6, 1984.
15 Follow-up to Peace Corps Report #84-008, August 9, 1984.
16 Peace Corps Admininstrative Management Review #84-006, June 1984.
17 Peace Corps Administrative Management Review #84-007, July 1984.
18 The Washington Times, November 19, 1984.
19 The Washington Weekly, November 26, 1984.
20 State Department cable, September 1984.

Administration, the Peace Corps has become the foreign policy equivalent of the now-defunct Comprehensive Employment and Training Act, a program rife with waste, fraud, and abuse.

THE PEACE CORPS' FUTURE

After Congress separated the Peace Corps from ACTION, much was made of the agency's independent status. The fact is, the agency was never independent. While the Peace Corps director reports to the President, the agency and its operations fall under State Department guidelines. As such, there is no excuse for the Corps being out of step with Reagan Administration policy. The second Reagan term thus provides an opportunity for the White House to ensure that the Peace Corps at last becomes part of the Reagan Administration. For one thing, the Peace Corps should dramatically reduce its budget. In fiscal 1984, the agency's budget was $108.5 million. In the face of a growing federal budget deficit, it is questionable whether this level of taxpayer support should continue. If Peace Corps programs are indeed worthwhile, as current management claims, they should have little problem attracting private sector support.

Yet, under current Peace Corps management, this support has not been forthcoming. In the year ending October 1984, the agency managed to obtain cash contributions of only $178,094.89, less than two-tenths of one percent of its total budget.[21] Clearly there is room for improvement here. American businesses spend hundreds of millions of dollars on international social programs every year. In 1984, American businesses will spend $22 million on such programs in South Africa alone. An imaginative Peace Corps management should be able to attract a majority of its budget from the private sector.

Funding aside, ample room remains inside the Peace Corps budget for substantial cuts. At present, the Peace Corps employs 1,100 full-time personnel and 5,400 paid volunteers. Clearly, the number of full-time employees should be reduced. With a staff of 471 at its Washington headquarters, there is no convincing reason for another 171 U.S. field personnel distributed in regional offices. These positions and offices should be abolished. Additionally, the functions of the 157 full-time U.S. employees abroad should be examined to determine whether their services could be provided by existing U.S. diplomatic personnel. Similar scrutiny should be applied to the 304 foreign nationals employed by the Peace Corps.

More important than budget, the Peace Corps program must get in step with Reagan foreign policy priorities. It should recognize the communist menace, demonstrate the successes of the free

---

[21] Peace Corps Partnership Campaign Update, November 1984.

enterprise system, and project abroad the positive image of America that Ronald Reagan projects at home. This will require continuing White House supervision of the Peace Corps on a much higher level than has been the case so far. Said one former Peace Corps executive, "I think the Administration has basically written us off."[22] It is time, therefore, for the White House to pay attention to the Peace Corps.

Prepared for The Heritage Foundation
by Mark Huber*

---

22 Interview, September 7, 1984.

*Mark Huber is a Washington, D.C.-based free-lance writer.