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Obama's Foreign Aid Strategy: Hire More Federal Workers, Spend More Taxpayer Money

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The Obama Administration's long-awaited and inaugural Quadrennial Diplomacy and Development Review (QDDR), subtitled "Leading Through Civilian Power," was finally released on December 15, almost a year after it was initially promised. The goal of the QDDR is to provide robust justification to back up President Barack Obama's pledge to double the U.S. development assistance budget by bringing a new level of "granularity" to USAID's budget presentations to Congress.

However, the QDDR before us fails at achieving this goal. The QDDR's advertised "smart power" approach promises to change "the ways we do business."¹ In actual fact, though, it relies heavily on good old-fashioned government expansion: (1) more federal employees (5,500) to restore the 38 percent cut in personnel USAID has experience in the past 20 years; (2) more bureaucracy (three new bureaus at the State Department and two new offices at USAID); and (3) more taxpayer funds for a host of existing and new development assistance programs, despite empirical evidence² that many of them will not work. In fact, one could say that the QDDR's solution is to make more bureaucrats less accountable by further diluting and expanding the government's development bureaucracy.

State v. USAID. The review's biggest shortcoming is its failure to resolve the longstanding turf wars between State and USAID regarding lines of authority and accountability (notwithstanding its claim to have done so). Under the Bush Administration, the two departments were brought more closely in line,

with USAID subordinated under State and their budgets merged. Yet rather than proposing a completion of this merger, the QDDR recommends just the opposite.

The QDDR urges the rebuilding and expansion of USAID and State as separate departments—but without resolving the existing impasse between the two agencies. Indeed, throughout the QDDR, frequent reference is made to USAID taking the "lead on Presidential initiatives" and having its inter-agency voice "elevated," making clear that USAID will be treated as State's co-equal. Also left unresolved by the QDDR are State and USAID's often fractious relationships with the third big government player in foreign aid, the Department of Defense (DoD).

Perhaps the bureaucratic authors of the QDDR at USAID and State (said to number over 1,000) simply decided to "paper-over" differences with DoD instead of addressing them. The QDDR is intentionally patterned after the DoD's well-regarded Quadrennial Defense Reviews (QDR),³ which are undertaken at the beginning of each new presidential term.

However, the QDDR can hardly be compared to the QDR. At 242 pages, the QDDR is about three

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times longer than the 2009 edition of the QDR, and it is far less concise. About three-quarters of the QDDR (169 pages) is devoted mainly to describing the proposed reorganized structure. Some 10 percent (21 pages) trumpets bureaucratic “success stories” of the past and reflects USAID’s longstanding efforts to promote its brand. In the end, only 15 percent (about 33 pages) of the QDDR is actually devoted to an in-depth discussion of existing and proposed programs.

The Millennium Challenge Corporation.

Another major failing is that it pays mere lip service to the Millennium Challenge Corporation (MCC). Barely mentioned in the QDDR is that corruption in many developing countries undermines the effectiveness of even the best designed programs.

The Bush Administration created the MCC specifically in response to the problem of corruption, intending it to be the model for U.S. 21st-century development assistance, adding strict accountability measures and good governance conditionality to its grants. The QDDR promises that USAID will pattern its future actions on the successful MCC model while actually giving the MCC only cursory mention.

Using the MCC as a model is absolutely desirable, but it is a real question whether USAID intends to take over the MCC and its funding flows without actively incorporating its principles and practices. The QDDR also outlines USAID’s plans to incorporate the government’s Global Health Initiative, which is currently working well as a standalone program.

Public Diplomacy. The QDDR hardly reflects on the need to reform the public diplomacy and strategic communication tools of the U.S. government. This despite the fact that both President Obama and Secretary of State Hillary Clinton have spoken

about the key role that these aspects of U.S. foreign policy would have in their Administration.

In 1999, the State Department absorbed the functions (minus international broadcasting) of the dismantled U.S. Information Agency (USIA). Since then, it has allowed the U.S. government’s messaging capabilities as well as associated funding streams to dissipate. Given the continued importance of “winning hearts and minds” in the global competition for ideas and information, it is therefore disappointing to find a mere five pages⁴ out of the QDDR’s 242 pages devoted to public diplomacy.

The global ideological competition includes today not only radical Islamism but also state actors—such as China, Russia, Iran, and others—who are investing heavily in communications infrastructure. By contrast, the measures proposed in the QDDR are modest in scope, hardly innovative, and mainly focused on completing the integration of public diplomacy into the State Department’s current structure. The only innovation appears to be the concept of “Community Diplomacy,” which is actually a new term for outreach and engagement by embassy personnel.

Also to be questioned is whether traditional State Department functions will not be minimized in the proposed bureaucratic reshuffle, the main aim of which appears to be the resurrection and refunding of USAID’s old, bloated bureaucracy. Congress should further explore whether USAID’s dysfunctional bureaucracy (as presently constituted) will not entangle and perhaps suffocate two successful programs: the MCC and the Global Health Initiative, whose PEPFAR program has been successful in combating HIV/AIDS.

How Should the 112th Congress Respond to the QDDR? The new Congress should take a close

1. Press release, “The Quadrennial Diplomacy and Development Review,” U.S. Department of State, at <http://www.state.gov/secretary/rm/2010/12/152934.htm> (January 6, 2011).
2. See William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin, 2006); Fredrik Segerfeldt, *First, Do No Harm: The Hippocratic Oath of Foreign Aid* (Stockholm, Sweden: Timbro, 2009).
3. U.S. Department of Defense, “Quadrennial Defense Review 2010,” at <http://www.defenselink.mil/qdr> (October 19, 2009).
4. U.S. Department of State, *The First Quadrennial Diplomacy and Development Review*, 2010, pp. 60–65, at <http://www.state.gov/s/dmr/qddr> (January 6, 2011).

look at the policy proposals in the QDDR. Specifically, Congress should consider taking these actions:

- Defund new offices at USAID that would strengthen it as an independent agency (policy planning and budget) and insist on one office to complete budgets for both State and USAID, thus working toward completing the merger of the two agencies;
- Make a renewed effort via the appropriations process to designate the MCC as the only—and therefore “premier”—development assistance agency;
- Demand that the Obama Administration produce a feasibility study of establishing a separate center or agency for public diplomacy and strategic communication as mandated in last year’s defense authorization bill; and
- Highlight the critical importance of private-sector-led trade and investment as the best path to economic development, as exemplified by the three pending free trade agreements with South Korea, Colombia, and Panama.

Unanswered Questions. The USAID and State Department reorganization and development strategy proposed in the QDDR is an excellent subject for hearings in the 112th Congress when its committees are up and running. There are many questions to be answered about the future of USAID, the MCC, and U.S. public diplomacy going forward. Congress should press the Administration for answers.

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