

GOVERNMENT **EXECUTIVE**

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Annual Index
Government Executive

After the Thaw



**Defense and Foreign Affairs Agencies
Confront the Problems of Peace and Freedom**

After the

U.S. foreign policy

makers try desperately to

keep up with the

revolutions sweeping

Eastern Europe.

EAST GERMANY

Sept. 10: Hungary opens its border with Austria to allow exit of East Germans gathered at West German Embassy in Budapest.

Erich Honecker is ousted after 18 years in power. More than 500,000 demand democracy in the country's largest demonstrations since a 1953 workers' revolt. The Berlin Wall crumbles. Travel restrictions to the West are lifted. Party leader Egon Krenz resigns after only six weeks, along with entire Politburo and Central Committee. Reform communist Hans Modrow becomes prime minister. The government agrees to hold free elections by May 6 and to rewrite the constitution.

CZECHOSLOVAKIA

Nov. 20: Up to half a million Czechs protest in Prague, demanding free elections and the resignation of the government.

The Communist leadership, including party General Secretary Milos Jakes, resigns. Fortifications along the Austrian border are dismantled. Parliament overwhelmingly votes to support free elections and a free-market economy. After ousting Communist majority, Parliament elects as its chairman Alexander Dubcek, who led ill-fated Prague Spring liberalization movement of 1968. Former political prisoner Vaclav Havel is elected Czechoslovakia's first non-Communist president in more than four decades.

HUNGARY

Jan. 11: Hungary's Parliament votes to allow for an independent party system.

The Communist Party formally disbands and creates a new Socialist Party. Hungary proclaims itself an independent, non-communist republic. Free elections are planned for 1990.

YUGOSLAVIA

Dec. 15: The Communist Party pledges to give up its monopoly on power and allow for independent parties to compete in free elections in 1990.

BULGARIA

Oct. 29: After a rare protest rally in Bulgaria, Todor I. Zhivkov, communist leader since 1954, promises reform.

Zhivkov resigns and is replaced by former foreign minister Peter T. Mladenov, who appears more open to change. Free elections are promised for the spring.

Thaw

BY HENRY BUTTERFIELD RYAN



SOVIET UNION

Dec. 7: Lithuania, one of 15 Soviet republics, joins the majority of East Bloc nations in legalizing a multi-party system.

Lithuania's Communist Party breaks with Moscow, becoming the first in the history of the Soviet Union to declare itself independent of the national party.

Latvia also abolishes Communist Party's guaranteed supremacy. Estonia is expected to follow suit.

Moscow

U.S.S.R.

POLAND

Jan. 18: The Communist Party agrees to talks with Solidarity.

In the first contested Polish elections since World War II, Solidarity scores an overwhelming victory over Communist Party. Tadeusz Mazowiecki, a Solidarity official, becomes Prime Minister. Polish legislature approves crash economic reform program.

ROMANIA

Dec. 17: Thousands of anti-government demonstrators clash with security forces.

During several days of protest, thousands of civilians are reported massacred. President Nicolae Ceausescu, absolute ruler of Romania for 24 years, and his wife are forced to flee Bucharest. Ceausescu and wife are captured and executed by the army he once led.

Foreign service officers Donald Kursch and Michael Hornblow work on different sides of the crumbling Iron Curtain, but they share the excitement and the frustration the U.S. government has experienced as revolutions have shaken the European continent.

Kursch, who is deputy chief of mission in the U.S. embassy in Hungary, and Hornblow, who oversees U.S. dealings with Poland, Hungary and Czechoslovakia from a desk in the State Department, are two of the many officials whose information and analysis guides U.S. policy making in this time of enormous upheaval.

They are on the front lines of U.S. response to political change in Europe more sweeping than any since World War II. The U.S. government is desperately trying to shape new policies and programs fast enough to keep up with the rapid-fire developments in the Warsaw Pact. Furthermore, it is trying to do so without adding personnel or increasing overall revenues.

Still, large new economic assistance efforts, and major changes in export rules, cultural and information exchanges and other programs are shaking up U.S. policies toward Europe nearly as fast as revolutions have dumped communist governments in Poland, Hungary, East Germany, Czechoslovakia and Romania.

"For those of us toiling in the vineyards of Eastern Europe, it's very exciting," says Hornblow. Despite ancient national and ethnic animosities, already resurfacing, "the risk of nuclear war or of world war is much reduced." Kursch echoes: "It is exhilarating" to see such passion for democracy.

Yet these two men and other foreign policy officials also report a frustration that may be as old as government itself: unprecedented opportunity but very finite resources. The U.S. government has indeed launched new initiatives, but largely by robbing Peter to pay Paul.

Organizational shakeups are in the offing as developments in Europe call into question

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LUJ ROBINIS



REUTERS/BETTSMANN NEWSPHOTOS

Looking to the future: Secretary of State James A. Baker III peers through the Berlin Wall during a trip to East Germany in mid-December.

the rationales for important U.S. security policies.

The most important changes will come in the Defense Department, where the combination of European developments and budgetary pressures are bringing about the biggest realignment in service missions and deployments in several decades. (See story, page 22.)

The Pentagon's adjustment to the new world climate may well entail substantial reductions in force among civilian workers, as well as shrinkage of military forces. Officials are dusting off RIF procedures largely unused since Ronald Reagan laid off 11,500 people in 1982. (See story, page 30.)

Other foreign policy agencies face change as well. The U.S. Information Agency (USIA), for example, has seen a surge of interest in its programs in Eastern Europe, according to a reporter who visited several USIA facilities there. (See story, page 18.)

The Central Intelligence Agency, the Arms Control and Disarmament Agency, the On-Site Inspection Agency and the Agency for International Development are among other government units that are reassessing their programs and updating the justifications for their budgets.

Analyzing Europe

The analysis provided by people like Kursch, who serve in U.S. embassies, forms the informational bedrock for all the government's

foreign affairs organizations, including the National Security Council (NSC), the Pentagon and the CIA.

Kursch, who ranks second in Hungary to ambassador Mark Palmer, another career foreign service officer, says that the climate in Budapest right now is "enormously exciting." Embassy officials are finally able to rapidly take many steps they have been attempting for years "to improve the dialogue. It's all happening so much more quickly than we imagined it would," he says. "It's all being telescoped."

Kursch reports not only much more interest in the United States on the part of Hungarians, but also the reverse: a boom in U.S. tourism in Hungary, large numbers of visits by congressional and other U.S. officials, growing interest in investing in Hungary by American business, and more.

"These were sleepy places until this year," he says of most Eastern European countries. No more.

Nor is sleepiness evident nowadays in the State Department's Bureau of European and Canadian Affairs. Nowhere are recent events shaking Washington more than at EUR, as the bureau is known, where Hornblow is one of only 13 professionals in the Office of Eastern European and Yugoslav Affairs.

That office is stretched especially thin, but the entire bureau's staff of 230 professionals and support people is "totally

stressed out, working 12 to 14 hours a day," according to one official there.

The entire government depends on EUR personnel to interpret events behind the Iron Curtain. And the bureau handles not just Europe, but also affairs with Canada and the Soviet Union ("Vancouver to Vladivostok if you go east," as one officer describes it). "We're going full blast all the time," says another.

Working up briefing papers for high government officials and Members of Congress, often to prepare them for European trips, adds to the frenzy of daily activities. A 10-day period in December saw six major multilateral meetings in Europe plus the Malta summit meeting between President Bush and Mikhail Gorbachev.

Answering press queries is another major task. Requests pour in for interviews, statements and background information, sometimes about events occurring within the hour. One staffer says, "A journalist calls in and says that somebody in Eastern Europe just resigned. 'What's your response?' . . . Hell, we didn't even know he'd resigned, much less have a position on it."

That comment reflects more than the hectic life in EUR. It hints at the way media technology is changing one major role of the State Department: the reporting and analysis of developments abroad.

Every day, thousands of cables flow into State's headquarters from embassies around the world and are sent immediately to interested agencies all over town, providing the basis for their planning.

Raw information once was as important as analysis, but no more. Today, State's long-time insistence that its embassies and consulates keep a high level of analytic content in their reporting makes more sense than ever, especially in areas of high media attention, like Eastern Europe today. There, news organizations report events faster than State's political and economic officers abroad possibly can, especially considering their multiple responsibilities. But embassies still must provide background and analyses of events, biographic data on new leaders, and best guesses on what will happen in at least the near future—what Foreign Service Officers call "think pieces."

Embassy staffs have always been required to hand-hold important visitors. They provide briefings, administrative and logistical support, and opportunities to meet appropriate people in the "host country." These chores, especially in Eastern Europe today, impinge seriously on reporting.

A typical East European embassy will have perhaps four officials reporting on economic and political events. Nonetheless, in recent months those embassies have been hit by an incessant stream of Cabinet offi-



Michael Hornblow oversees Eastern Europe from a desk at the State Department.

cers, White House officials, Members of Congress, lower-level officials, plus constant business delegations investigating new opportunities. In addition, last summer Poland and Hungary hosted a presidential visit, arrangements for which today rival the Normandy invasion in their complexity. Still, East European embassy staffs remain the size they were in the mid-1980s.

From Budapest, Kursch offers a sense of what life is like in an Eastern European embassy. Whereas only five congressional delegations visited during 1988, he said, there were 19 in 1989. American tourism increased by 40 percent last year. The embassy's consular services have grown by 25 percent, as the number of Hungarians seeking visas to the United States has increased. General Electric Co. last year announced it would spend \$150 million to acquire a controlling interest in Tungsram Co., a leading Hungarian manufacturer of lightbulbs.

Meantime, the Budapest embassy has only two foreign service political officers, two economic officers and one commercial officer. "What we've dreamt about for 20 years is now happening," says Kursch. "Now we hope we can get the resources to do a good job."

Shaping Policy

The information and analysis provided by Kursch, Hornblow and their colleagues in EUR contributes to decisions made—or not made—higher up in the government.

Decision-making there has not been easy. "Events in the streets of Eastern Europe are driving East-West relationships, while we sit around and talk about NATO and the War-

aw Pact," is the way one member of State's policy planning staff describes policy making at the moment. While the U.S. government has followed a policy of rewarding steps toward democracy and free enterprise since the early 1980s, when Solidarity emerged in Poland, those steps are now coming so rapidly that officials cannot keep up. An aid package for Poland and Hungary has been put together but so far, little for anyone else.

A handful of top officials shape U.S. foreign policies. They include the President, the Secretaries of State, Defense and Treasury, and the National Security Advisor. They get analysis and background from a variety of sources, especially from interagency committees coordinated by the NSC.

Robert D. Blackwill, senior director of the European and Soviet Affairs staff at the NSC, assisted by four deputies, coordinates the process of interagency deliberations on the events in Eastern Europe. Although the State Department chairs those groups working on issues in the region, Blackwill and his staff make suggestions, set schedules and get interagency studies to the NSC when they are needed. Summaries and conclusions then go through National Security Advisor Brent Scowcroft to the President. Scowcroft can add his own observations, possibly disagreeing. In effect, he has the last word, something that makes him a very powerful foreign affairs player.

The State Department's policy planning staff, which monitors everything going to the Secretary, also looks for broad themes in the daily events. It tries to provide calm, long-range thinking in a hectic, short-range environment, not an easy thing to do.

The staff's major strength at present comes from the fact that its director, Dennis B. Ross, served as George Bush's foreign policy advisor during the 1988 election campaign. He has a good relationship with Secretary James A. Baker III and is constantly at his elbow, even on trips. He was with Baker at Malta, for example, and at subsequent meetings in Europe.

Robert B. Zoellick, counselor of the department, also has a strong interest in policy issues. The amorphous counselor position provides an extra hand on "The Seventh Floor," State's command deck, and typically can be whatever the Secretary and the incumbent choose to make it. Arms control, for example, was the emphasis in the last administration.

A New Aid Effort

This year, one clear emphasis is assistance for the desperate economies in Eastern Europe. It will be the first time these nations have benefited from sizeable American aid since Stalin cut them out of the Marshall Plan in 1947.

Immediate recipients are Poland and Hungary, where the buds of democracy and glimmer of market economies caused President Bush during his visit in 1989 to promise economic help. Back home, he put forward a modest aid program of about \$200 million. Congress expanded that considerably, authorizing \$940 million over fiscal 1990-92. American assistance to Latin America, Asia, and Africa will be reduced to make up much of that amount.

The Agency for International Development (AID) has the major responsibility for the program, but it involves many others: Treasury, Commerce, Agriculture, Labor, the Peace Corps, USIA, the Export-Import Bank, the Overseas Private Investment Corporation (OPIC), the Environmental Protection Agency and the Department of Energy.

To prevent the program from becoming completely chaotic or totally paralyzed by interagency disagreements, the President wisely has named an Eastern European "Aid Czar," deputy secretary of State Lawrence S. Eagleburger. He has responsibility for the entire operation, although little, if any, of it is handled by the State Department. Under other circumstances responsibility might have gone to AID, but it has no director at present.

In his Aid Czar role, Eagleburger has two deputies, Michael J. Boskin, chairman of the Council of Economic Advisors, and John E. Robson, deputy secretary of Treasury. The latter is a canny appointment, obviously designed to encourage cooperation from Treasury, which administers the vital economic stabilization part of the program, amounting to \$200 million in fiscal 1990. Playing ball in economic programs run by other agencies is not Treasury's hallmark.

Considering AID's traditional Third World focus, it may come as a surprise to some Americans that the government has been sending help to Eastern Europe, especially Poland, for some 40 years. Our assistance has consisted mostly of food, and has totaled less than \$400 million to Poland and considerably less to the other countries.

Now, Congress has upped the ante greatly. Newly established entities, the Polish-American and Hungarian-American Enterprise funds, have responsibility for about one-third of the new resources. Their binational boards, made up predominantly of business leaders and with a majority of Americans, are contracting American managers to handle the money. The funds have broad authority. They can make loans and grants, undertake feasibility studies, create technical and management training programs, establish joint U.S.-Polish or U.S.-Hungarian firms, and invest in enterprises calculated to help free economies prosper. The funds are non-profit organizations, able

to supplement their official U.S. appropriations with money raised privately either here or in the host countries, and with grants from host-country governments. They might even make profits, which will go into further economy-building undertakings.

The remaining money that Congress authorized for the three years, more than \$600 million, will be used mainly for food, environmental cleanup, guarantees to U.S. investors against political risks, and economic stabilization, including currency reserves. AID, which provides about \$6 billion of assistance worldwide per year, does not foresee staff expansion. A 10-person task force, with an 8-person steering committee at the office director level, handles the new program.

As democracy spreads in Eastern Europe, Congress may well approve programs for additional countries. Eventually, in fact, AID may require a bureau for Europe. At present, it has programs in Ireland, Spain, Portugal and Turkey, in addition to Poland and Hungary. All are administered, incongruously, by the Asia and Near East Bureau through an Office of Egyptian and European Affairs, itself an interesting combination. Margaret P. Bonner, deputy chief of that office, heads the East European task force.

The first effects of the program may be felt in Eastern Europe as early as March, when loans, food, investments and other items push through the pipeline. In June, very tangible evidence of it will be seen in Hungary, when 65 Peace Corps volunteers arrive to teach Hungarians how to teach English. Later, as many as 100 volunteers may go to Poland with the same mission, and also to help establish small businesses and deal with environmental and health threats.

If Congress acts quickly, AID will get a new boss, called "administrator," in early 1990, in time to guide this effort from its infancy. The White House has put forth the name of Ronald W. Roskens, former president of the University of Nebraska. In keeping with this administration's relaxed attitude about naming top functionaries, the job has been vacant since last June, when former administrator Alan M. Woods died. Mark L. Edelman, deputy administrator, runs the agency now and will continue as deputy after Roskens arrives.

Unguided Arms Control

"[I] will kick our bureaucracy and push it as fast as I possibly can." So said President Bush the day after the Malta summit, speaking of conventional force reductions, although he is equally determined regarding other arms control measures. Still, he may end up like Charlie Brown, flying through the air after trying to boot a ball Lucy always snatches away. In short, whom will the President kick?



SHEPARD SHERBELL/SABA

Deputy secretary of state Lawrence S. Eagleburger was named by President Bush to serve as Eastern European "Aid Czar," coordinating assistance from several agencies.

Arms control has become the hottest item in foreign affairs today, "what abortion is to domestic affairs," as one official put it. Yet no one can say who in the U.S. government is in charge of it. Informed observers believe the President makes arms control decisions very much on his own, with input from the National Security Advisor, the Secretary of State, and the Secretary of Defense. He then expects the bureaucracy to get the job done.

But the question remains, who in the bureaucracy? The Arms Control and Disarmament Agency (ACDA), the State Department, the Defense Department and the NSC all claim prominent roles, and even the Department of Energy has an arms control office with important influence.

Officials get extremely nervous when pressed for details about who does what. ACDA director Ronald F. Lehman II refused to let anyone in the agency discuss its work relative to the events in Europe until sometime next spring, when the picture might be clearer. Logically, one might think he has the main responsibility, but he does not. Most observers consider ACDA a relatively minor force.

A very sensitive question is how ACDA interacts with Reginald Bartholomew, whose title, undersecretary of State for security assistance, science and technology, masks major disarmament responsibilities. He and Lehman look out over much of the same turf, but all five of our top arms negotiators report to Bartholomew.

ACDA has a very poor reputation around Washington. Critics say it is "out of the loop" . . . "regarded as a know-nothing, do-nothing agency where Reagan put his ideo-

logues" . . . "more conservative than the cutting edge in arms control today." Nevertheless, ACDA unquestionably serves as the workhorse of the arms control community. For example, it helped develop inspection and verification procedures for the Intermediate-Range Nuclear Forces Treaty, and it continually collects data, undertakes studies and provides drafting for all arms control negotiations.

Clearly, however, ACDA operates in the shadow of the State Department, despite legislation that gives it primary responsibility in its field and makes its director the principal arms control advisor to the President, the NSC and the Secretary of State. For example, although founded in 1961 as an independent agency, it never headed an interagency group working on arms control issues until the mid 1980s. Then, although it took over several groups, State continued to head those concerned with chemical weapons, nuclear testing, and strategic arms. (Now, all major interagency teams dealing with arms control have been put under a committee headed by Arnold L. Kanter at the NSC.)

The fact is, ACDA serves very much as a State Department bureau and its director as an assistant secretary. Lehman has his work cut out if he is to elevate it to the position described in its legislation.

Another key organization in the arms control melange is the On-Site Inspection Agency (OSIA). Established in January 1988, it carries out the inspections called for in the INF treaty. Although some thought was given to putting it in ACDA, Congress quickly decided that it fit best in the Depart-

ment of Defense, with the major facilities it has to offer.

Headed by Army Brig. Gen. Roland Lajoie, OSIA has three deputy directors, one from State, one from ACDA, and one from the FBI. It has authorization for more than 220 permanent staff members and can recruit up to 500 people for temporary duty. These come mostly from military services, but also from civilian agencies and the private sector. Consequently, OSIA has become the largest arms control agency in the government. ACDA has only about 250 employees.

At present, OSIA deals only with one treaty. Obviously, if it becomes the supervisor of the batch of new treaties being considered, it will become a sizeable bureaucracy, and Defense will be an even stronger player in the field than it is now, something which has not escaped the attention of the arms control community in Washington.

Smaller Cloaks and Daggers?

The CIA, the quintessential instrument of the Cold War, resembles a business about to lose its major account. However pleased its officials may be at the way things are going, it needs a replacement for the Cold War if it is to maintain its size and influence.

Director William H. Webster realizes this and has done his homework. He points out that the agency has a major role to play in combating narcotics trafficking and terrorism, and that it continues to be concerned with regional conflicts. Furthermore, Soviet-watching is not yet anachronistic.

Webster told a National Press Club audience on Nov. 29 that the Soviets have become even more "robust" in their intelligence activities, although less "flatfooted," i.e., prone to make embarrassing gaffes. Now, he says, they are after the secrets of western technology. Meanwhile, "the armed might of the Soviet Union and its satellites, however benign their leaders may profess it to be, constitutes a threat," he said. Furthermore, potential instability in Eastern Europe, particularly as countries there enact painful austerity measures necessary to move to a market economy, could well require CIA attention.

Finally, and perhaps most importantly, the prospect of monitoring the series of arms treaties expected in the months ahead will require CIA sleuthing as never before. A large fleet, possibly numbering in the hundreds, of space satellites will figure heavily in the effort. Webster's conclusion: a reduced military threat increases the CIA's responsibilities. Will Congress buy it? That remains to be seen.

The new look in world affairs presents the CIA with another problem. The agency's budget is hidden in that of the Defense De-

partment. Normally there has been nothing restrictive about the Defense budget, and popular wisdom has it that CIA's funding is a more or less fixed proportion of it. But when the Defense Department last year began proposing sizeable cuts, CIA managers got worried and quickly negotiated an agreement with Congress to jettison "proportionality" in the 1990 budget.

Exchanging People

Since its founding in 1953, USIA has presented itself, especially to Congress, as an instrument to fight communism. Reagan's USIA director, Charles Z. Wick, was especially successful in linking USIA to the national security apparatus and thereby winning budget increases when many other federal agencies were being trimmed.

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USIA official Anne M. Chermak.

The agency has other purposes besides combating the Soviet threat. It tries to inform the world about the United States and its policies, using many means, including a wide range of exchange-of-persons programs, the Fulbright program among them. But for years, the combative capability has been emphasized. Consequently, East-West harmony may spell austerity for USIA.

It is already feeling a pinch. In recent years, USIA's Bureau of European Affairs, for example, has lost 10 percent of its funds and 50 positions. Yet its Office of Eastern European Affairs now must make additions to overseas staffs designed when the United States had only minimal relations with Soviet Bloc countries. That means snatching positions from other parts of the agency.

At USIA's suggestion, President Bush announced a major new exchange-of-persons program with Eastern Europe while visiting Budapest's Karl Marx University (the irony of the location was surely premeditated). Just over \$6 million has been earmarked for the program, which includes establishing a U.S. cultural center in Warsaw.

A six-person task force in USIA, directed by Walter Raymond, administers the new exchange program and tries to persuade the private sector to assist. It has already had some success in convincing organizations to establish internships for journalists and

young managers, for example. The program will also exchange parliamentarians, youth leaders, environmental specialists, business people, students and a wide range of other categories.

Some agency officers can see an expanded role for USIA as an originator of pilot exchanges upon which the private sector can later enlarge. USIA has maintained cultural exchange programs with the Soviet bloc for decades, but its work has been carefully monitored and limited by the governments there. Now, as Anne M. Chermak, deputy of the exchanges task force, says, "this is our big opportunity to help those countries. We've been keeping the glimmer of hope alive for 40 years."

Financing for the East European exchanges comes mainly from other parts of the USIA budget. The new aid program approved by Congress for Poland and Hungary, however, adds some new funds—\$12 million authorized for three years, with \$3 million appropriated for the first year.

A New "Voice"

Managers of the Voice of America, one of USIA's best-known elements, feel ebullient and frustrated at the same time. With jamming of transmissions now lifted in the Soviet sphere, VOA's program services can do many things that were impossible when everything had to be radiophonically very simple to be heard at all. Furthermore, with the new liberties in those countries, officials and prominent citizens feel more free to talk with VOA interviewers. VOA is even airing call-in programs in which Soviet and East European listeners telephone the Washington studios. When Lech Walesa visited the U.S. Congress, official Polish radio took a 90-minute feed from VOA to broadcast his appearance. The program opened with the words, "Good afternoon, this is the Voice of America in Washington."

Listenership has jumped throughout Eastern Europe. The VOA, however, faces new competition from other international broadcasters and local stations. Freed of jamming and former controls, most have become much more interesting, and many sound better than VOA, with the scratchy shortwave it must usually use.

VOA's budgets for Eastern Europe and the Soviet Union have been cut by millions of dollars in the past several years, reducing the number of hours it broadcasts. Still, it has felt compelled recently to cut back in other areas in order to send correspondents to Moscow, Warsaw and Prague. Generally, VOA managers believe that the American experience has much to offer Eastern Europe and the USSR in this new era. They will do what they can to meet that opportunity with the resources available. □