



12 December 1983

Mr. Herbert E. Meyer
Vice Chairman,
National Intelligence Council
Washington, D.C. 20505

Dear Herbert:

As we discussed last week, this letter will outline the results of the presentation of Butch Otter's letter to Dwayne Andreas, chairman of President Reagan's Task Force on International Private Enterprise (final copy enclosed).

Butch was unable to attend due to heavy snows in Boise but the proposal received considerable attention in the three subcommittees and in the full Task Force. The Task Force discussed whether their charter even allowed consideration of a reorganization move but there was no objection in principle by the chairman or AID staff.

The chairman, vice chairman and staff did voice some concern on whether we wish to open the reorganization can of worms or as the vice chairman (Parker Montgomery) said "put ourselves between a dog and a lamp post". Clearly there is a tendency on the part of the Task Force leaders and AID staff to maintain the safe course of recommending operational changes for the existing structure rather than a new structure. Andreas deferred acting on the proposal until the Task Force had reviewed the Carlucci Commission's report while accepting the point that Carlucci was opening the structural question which we might not be able to avoid. But there was a reluctance to face the issue now.

In Butch's subcommittee the only reservation voiced was the question of the charter's mandate to act. This has been resolved so I assume that they would unanimously support further, serious discussion of the Otter letter. The second subcommittee (policy) took a vote and were unanimously in support of Otter while the third did not formally vote but the sense of the members was overwhelmingly supportive.

Although a majority of members were in attendance we don't know how to judge those missing. However, the few no-shows that we know well such as Mary Roebing will support this proposal since we discussed the concept with her at the last meeting. In fact, she is so hard-line that she said either do what Butch proposes or disband AID entirely.

The only substantive questions were raised by member Michael Roth and I spoke with him after the meeting and satisfied both his concerns. I see two obvious stumbling blocks; the Carlucci

Commission report and the Task Force staff reluctance.

Carlucci Commission

Their reorganization proposal is far more sweeping and thus more problematic than Otter's. Carlucci wants to combine economic and military aid in one structure in effect changing the entire scope of U.S. official development assistance (ODA). Its aim is political and bureaucratic efficiency and has little ideological content.

The Otter proposal confined itself to redirecting ODA within its present economic development context along lines already proposed by President Reagan at Cancun and consistent with repeated legislative language concerning support for and involvement of the private sector. We didn't even deal with the questions of whether we reduce ODA social programs although the preference is clear. That decision will be made by the President and Congress.

The Carlucci Commission did some decent work but there was a dearth of conservative opinion and many members have a vested interest in the existing ODA system. I am told that Admiral Moorer was disappointed with the reorganization proposals while Feulner and Coyne wrote an article critical of the overall job. Melvyn Krauss (whose book Mr. Casey gave to Butch) also wrote a critical piece which I enclose. Krauss is, by the way, going to read the proposal and comment.

The opposite situation exists on the Task Force where almost everyone is a conservative Republican businessman. With only 24 hours to read Otter's letter and only a few minutes to discuss it the overwhelming member support suggests to me that the Task Force is prepared to take decisive action, despite staff delays, which should be more consistent with the President's perspective. I fear that in deferring to Carlucci we will use others' compromises to make our own.

Task Force Staff

It is axiomatic that no one likes to open a can of worms, bureaucrats least of all. In theory the task force is formed to break through bureaucratic inertia in order to innovate. In practice any group of busy men are captives of their staff which in this case are bureaucrats. Neither Butch nor I know the artful motivation of bureaucrats and do not know how to overcome staff reluctance to tackle this large issue.

It does seem probable, though, that if someone above Mr. McPherson were to quietly pass along the fact that Mr. Otter's ideas were interesting and merited further consideration

(implying perhaps that President Reagan were aware of the concept) the proposal would get a fair hearing. This is all Butch wants.

I don't know if this is possible nor do I know the mechanics of it. Should Mr. Casey be willing to help at the White House, he might perhaps suggest that one of his staff obtained a copy of the Otter letter at the C.I.A. briefing (1:00 PM on Monday, December 5th) and shared it with him.

I have postponed my trip to Manila until early January and would enjoy taking you to lunch sometime before the holidays. Perhaps after you have had a chance to discuss this further, we might meet.

Thanks for your help.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Peter Schaefer".

Peter Schaefer

cc: C.L. Otter
pfs