

December 1990

**Issues and
Anticipated Results**

GAO
LAW LIBRARY

REFERENCE

GAO ROOM
HJ
9802
.A5275

Foreword

The National Security and International Affairs Division (NSIAD) is called upon to review national and international programs for protecting the population and advancing the political, economic, and military interests of the United States. NSIAD's audit jurisdiction includes the Departments of Defense and State, the National Aeronautics and Space Administration, and the defense and international activities of numerous other government agencies.

Meeting this responsibility requires the efforts of more than 1,000 professional and administrative staff members, half of whom are based in GAO's Washington, D.C., headquarters and the balance located at various regional and overseas offices. To carry out its work in the most efficient and cost-effective manner, NSIAD is divided into 11 subdivisions, each of which is responsible for an "issue area." Some review agency-specific subject areas such as Army or Navy issues. Others review subject areas—such as force management and logistics—that cut across several agencies.

Guiding their work is NSIAD's strategic matrix planning process, which is aimed at implementing GAO's policy that resources be directed at the issues to which the agency can make a significant contribution. Through this process, NSIAD seeks out a wide range of views and insights, regularly soliciting the advice of experts from congressional committees, the business sector, academia, and the military establishment. The division also works closely with other elements of GAO to incorporate their relevant knowledge and experience into NSIAD's strategic planning.

NSIAD builds its planning system around more than 40 major issues, which are grouped into its 11 issue areas. This booklet presents these issues—the essence of NSIAD's

issue area plans—in capsule form. It is intended to provide an easy-to-read reference to the structure, major issues, and anticipated accomplishments of the National Security and International Affairs Division.

Frank C. Conahan

Frank C. Conahan
Assistant Comptroller General

ISSANAR

GAO ROOM
REF.
HJ9802
. A5275

List of Issue Areas and Key Officials

(Area Code 202)

Office of the Assistant Comptroller General

Frank C. Conahan.....275-5518
Arthur R. Goldbeck.....275-6226
Neal P. Curtin.....275-6152

Army

4

Richard Davis.....275-4141
Henry Hinton.....275-4133

Navy and Marine Corps

6

Martin M Ferber.....275-6504
Brad Hathaway.....275-6504

Air Force

8

Nancy R. Kingsbury.....275-4268
Norman J. Rabkin.....275-4265

National Aeronautics and Space Administration

10

Mark E. Gebicke.....275-5140

Command, Control, Communications, and Intelligence

12

Louis J. Rodrigues.....275-4841

Research, Development, Acquisition, and Procurement

14

Paul F. Math.....275-4587
Michael E. Motley.....275-4587

Defense Force Management

16

Paul L. Jones.....275-3990

Logistics

18

Donna M. Heivilin.....275-8412

Foreign Economic Assistance

20

Harold J. Johnson.....275-5790

Security and International Relations

22

Joseph E. Kelly.....275-4128

International Trade and Finance

24

Allan I. Mendelowitz...275-5890

Army

| Issue | Significance |
|--|--|
| Is the Army restructuring its forces in tune with the changing security environment? | The Army's restructuring decisions will dramatically affect overall Army funding. Effective management of the restructuring is necessary to quickly achieve an affordable and relevant force. Training shortfalls are also an issue. |
| Is the Army appropriately identifying its weapons requirements and acquiring reliable weapons at reasonable costs? | In fiscal year 1991, Congress approved over \$9 billion for weapons procurement and close to \$6 billion for research, development, test, and evaluation. Support costs will require double or triple that amount. |
| Can the Army meet its logistics needs in times of a changing environment? | Changing threats and reduced budgets require the Army to develop new approaches for determining logistics requirements and for storing, maintaining, and distributing its \$20 billion inventory of repair parts. |
| Is the Army effectively managing the Department of Defense's (DOD) chemical and biological warfare programs? | The Army has spent billions of dollars for new chemical and biological defense, whose significance has increased with Desert Shield. Chemical stockpile destruction will require quick disposal to minimize costs. |

| Key Questions | Anticipated Results |
|--|--|
| <ul style="list-style-type: none"> • Are controls in place to ensure efficient resource allocations? • How should the roles, missions, and mix of active and reserve forces be changed? • Is the Army considering cost savings as it streamlines requirements? | <ul style="list-style-type: none"> • Identify internal control weaknesses. • Eliminate redundant and non-essential forces. • Correct force structure weaknesses. |
| <ul style="list-style-type: none"> • Are mission justifications for weapons valid in light of a changing threat? • Do fielded systems perform according to the Army's criteria? • Is the Army acquiring affordable major weapons? | <ul style="list-style-type: none"> • Recommend cost savings in acquisition programs. • Recommend more effective use of funds to support fielded systems. • Identify better acquisition strategies. |
| <ul style="list-style-type: none"> • Can the Army reduce inventory without affecting capability? • Can it better determine inventory requirements? • What inventory management improvements are necessary? • How can the Army control equipment maintenance costs? | <ul style="list-style-type: none"> • Save billions of dollars by reducing inventory. • Provide a better logistics support system. • Recommend ways to achieve objectives with fewer people. • Improve supply responsiveness. |
| <ul style="list-style-type: none"> • Is the proper defensive equipment being developed and fielded? • Is adequate training being provided? • Have research programs been worthwhile? • How is the chemical destruction program being managed? | <ul style="list-style-type: none"> • Recommend ways to develop greater defensive capability against chemical and biological warfare. • Identify cost savings or ways to more effectively use resources. |

Navy

| Issue | Significance |
|---|---|
| Have all possible force structure alternatives been considered? | Political changes abroad and domestic economic pressure are forcing a review of the Navy's fleet structure. Antisubmarine warfare (ASW) is of particular concern. |
| How can nuclear programs be strengthened and requirements be met? | DOD's and Department of Energy's spending of over \$10 billion annually for nuclear warheads and ship reactors is being questioned because of political changes abroad, domestic economic pressures, and safety issues. |
| Are weapon system acquisition programs affordable and properly managed? | More than \$24 billion was appropriated in fiscal year 1991 for Navy ships, aircraft, and weapons. |
| Do logistics and modernization systems meet the Navy's needs? | Maintaining and modernizing the Navy's fleet is expensive—about \$5 billion annually for aircraft and about \$56 billion for a spare and repair parts inventory. |

| Key Questions | Anticipated Results |
|--|--|
| <ul style="list-style-type: none"> • How can the Navy restructure its force while meeting national needs? • Do the Navy's plans provide for a balanced force? • How will a START agreement affect the Navy's force structure? | <ul style="list-style-type: none"> • Identify alternatives the Navy should consider in restructuring. • Determine whether the Navy is achieving a balanced force and recommend improvements. • Improve ASW programs. |
| <ul style="list-style-type: none"> • How do nuclear weapons production problems and arms control agreements affect nuclear weapons requirements? • How reliable, safe, and secure is the nuclear stockpile? | <ul style="list-style-type: none"> • Verify measures taken to ensure that warheads in the stockpile are reliable, safe, and secure. • Assess management of nuclear reactor programs from development to installation, use, and disposal. |
| <ul style="list-style-type: none"> • Are weapon system acquisition programs being well managed? • Is Congress receiving data it needs to make decisions? • Are internal controls safeguarding the weapon system acquisition programs? | <ul style="list-style-type: none"> • Provide Congress information on the status of various programs. • Assess the cost of weapon systems, their impact on the budget, and their affordability. |
| <ul style="list-style-type: none"> • Is only material that is needed being acquired and retained? • Are fleet modernization and maintenance well planned? | <ul style="list-style-type: none"> • Improve program management and reduce cost while maintaining readiness and sustainability. • Recommend better ways to use funds to promote force readiness and sustainability. |

Air Force

| Issue | Significance |
|---|--|
| How can the Air Force better manage its tactical and strategic forces? | The Air Force's tactical forces are under critical review because of political changes abroad, conventional force reductions in Europe, and budget constraints. DOD's modernization of strategic bombers and missiles will cost hundreds of billions of dollars. |
| What airlift assets are needed to meet changing U.S. mobility requirements? | Instead of relying on prepositioned materials to fight a war in Europe, the U.S. must now be able to respond with personnel and material to potential areas of conflict throughout the world. |
| How should the United States plan and implement the Strategic Defense Initiative (SDI) and military space programs? | SDI faces many technical uncertainties and affordability questions. |
| Is the Air Force providing adequate logistical support to its weapon systems? | Logistics support affects a weapon system's capability to fulfill its mission and is a major component of life-cycle costs. |

| Key Questions | Anticipated Results |
|---|---|
| <ul style="list-style-type: none"> • How can the Air Force improve the development, testing, and acquisition of its weapons? • What are the alternatives for relocating forces in Europe? • Is the B-2 affordable and well-managed? • Are airlift assets able to support mobility needs? • Is the C-17 affordable? • Is the Air Force adequately managing the C-17 acquisition program? | <ul style="list-style-type: none"> • Provide recommendations on the Air Force's high priority programs. • Identify potential savings in budget requests. • Present options for relocating tactical forces in Europe. • Identify alternatives to extend the life of the current airlift fleet, • Recommend ways to use commercial aircraft to fulfill military needs. • Achieve savings in the C-17 acquisition program. |
| <ul style="list-style-type: none"> • What are the cost implications of the strategic defense programs? • Are the programs technically feasible in the near term? • Have coherent military space policy, doctrine, and strategy been developed? | <ul style="list-style-type: none"> • Determine the accuracy of SDI cost estimates. • Identify technological risks inherent in proposed systems. • Recommend feasible and affordable military space programs. |
| <ul style="list-style-type: none"> • Are major systems adequately maintained and supported? • How well is the Air Force planning for logistics support of new weapon systems? • How can the Air Force better manage its spare parts procurement and maintenance activities? | <ul style="list-style-type: none"> • Identify issues critical to the fielding of new weapon systems. • Improve logistics support. • Recommend areas for budgetary reductions. |

National Aeronautics and Space Administration

| Issue | Significance |
|--|---|
| Does NASA adequately support its research, development, and operational efforts? | NASA needs a stable and experienced work force, sufficient and properly maintained facilities and equipment, and an effective procurement and contract management system. |
| Will space transportation systems ensure reliable and efficient access to space? | Over 40 percent of NASA's budget goes to space transportation systems, primarily to the space shuttle, but also to other systems. |
| Is NASA properly managing the space station's design and development? | Since 1985, the space station's estimated cost has increased from \$8 billion to over \$37 billion, and its development schedule has slipped more than 2 years. NASA plans a high level of space science missions during the early 1990s. |
| Does NASA adequately provide for the development and widest possible use of aeronautical and space technologies? | Through its research, NASA supports its programs and the programs of civilian and military aircraft industries to develop safer and better aircraft. |

| Key Questions | Anticipated Results |
|---|--|
| <ul style="list-style-type: none"> • Is NASA able to attract and retain highly qualified personnel? • Has NASA adequately maintained its facilities and equipment? • Is NASA using proper procurement practices and adequately overseeing its contractors? | <ul style="list-style-type: none"> • Ensure adequate scientific and engineering personnel. • Assist NASA's efforts to maintain and refurbish its aging facilities. • Show how improved contract administration can help NASA control costs. |
| <ul style="list-style-type: none"> • Can NASA safely achieve and maintain its planned shuttle flight rate? • Is NASA making maximum use of expendable launch vehicles? • How can NASA increase its heavy lift capability? | <ul style="list-style-type: none"> • Assess the realism of NASA's shuttle flight rate and logistics costs. • Determine whether the shuttle is being used only when required. • Validate requirements for future transportation systems. |
| <ul style="list-style-type: none"> • Is the space station justified? • Will the station's design best meet users' needs? • What will it cost, and when will it be available? | <ul style="list-style-type: none"> • Validate the requirements for, or question the continued development of, the space station. • Identify impediments to meeting users' needs with the space station design. • Assess the realism of the space station's design, schedules, and cost. |
| <ul style="list-style-type: none"> • Are NASA's aeronautics and space technology research and development effectively meeting prospective users' needs? • How efficiently does NASA serve the customers of its aeronautical research? | <ul style="list-style-type: none"> • Improve the effectiveness of technology transfer activities. • Improve NASA's efforts to promote the commercial uses of space technology. • Improve NASA's aeronautical research program. |

Command, Control, Communications, and Intelligence Issues

| Issue | Significance |
|---|--|
| How does DOD support counternarcotics, electronics warfare (EW), and intelligence activities? | DOD spends billions of dollars annually on these programs, including \$2 billion in 1989 and 1990 to monitor the flow of illegal drugs. |
| How can DOD overcome budget constraints and technical challenges to support nuclear programs? | DOD's 8-year effort to enhance strategic C3 systems is not complete, and new requirements are emerging. Development and critical testing have yet to be done, and technical difficulties remain. |
| Is DOD acquiring the right balance of affordable tactical C3 systems? | Through the 1990s, DOD is planning to spend about \$70 billion for weapons, surveillance, command and control, and fusion systems. |
| Do DOD's defense-wide systems adequately support peacetime and wartime operations? | DOD's fiscal year 1991 budget calls for \$8 billion for systems to provide automated information for decision-making and accurate navigation, location, and weather information. |

| Key Questions | Anticipated Results |
|---|---|
| <ul style="list-style-type: none">• Will key intelligence and EW systems be affordable and meet commanders' needs?• How does DOD fit into the national drug interdiction strategy? | <ul style="list-style-type: none">• Identify savings from reduced European tactical intelligence personnel.• Increase DOD controls over counternarcotics resources.• Identify savings in EW programs. |
| <ul style="list-style-type: none">• Is DOD achieving strategic defense objectives on schedule?• Are tasks being implemented with budget reductions in mind? | <ul style="list-style-type: none">• Identify reductions for DOD's over-the-horizon radar systems.• Determine Air Force and Navy command center capability to process sensor data.• Verify the need for a new fleet of airborne command post aircraft. |
| <ul style="list-style-type: none">• Is DOD acquiring systems that can effectively perform in various combat environments?• How well is DOD responding to emerging threats? | <ul style="list-style-type: none">• Identify systems reductions due to Army force changes.• Verify DOD's Joint Tactical Fusion Program and Joint Surveillance and Target Acquisition System needs. |
| <ul style="list-style-type: none">• Are new programs affordable?• Can life-cycle costs of C3 satellite programs be reduced? | <ul style="list-style-type: none">• Recommend reductions in overseas defense-wide C3 personnel.• Identify reduced needs for Global Positioning System user terminals.• Determine the affordability of DOD's satellite launch plans. |

Research, Development, Acquisition and Procurement

| Issue | Significance |
|--|---|
| Are recent reforms and initiatives improving DOD's acquisition process? | DOD initiatives point to the need for major changes in the way DOD procures major weapon systems, projected to cost more than \$800 billion in future years. |
| Is DOD adequately addressing the affordability issue? | Since fiscal year 1980, the annual defense budget has increased from \$142 billion to about \$300 billion, yet many defense needs remain unfilled. Currently restrained budgets have contributed to instability in the acquisition process. |
| Do DOD contracting policies and practices ensure the best use of public funds? | DOD has spent \$700 billion for contracts awarded over the last 5 years. |
| Are DOD contractors complying with the Truth in Negotiations Act? | DOD relies greatly on information provided by contractors to negotiate fair contract prices. When contractors fail to disclose relevant cost information, the government pays higher contract prices than warranted. |

| Key Questions | Anticipated Results |
|---|--|
| <ul style="list-style-type: none">• What actions has DOD taken to implement the Packard Commission's recommendations and other acquisition initiatives?• What prevents more effective implementation, and how can it be improved? | <ul style="list-style-type: none">• Determine whether reforms have resulted in better management.• Recommend changes to remove shortfalls or barriers to effective implementation. |
| <ul style="list-style-type: none">• Does DOD ensure that weapon systems are affordable?• Do requirements address the need to minimize redundancy and reduce budgets?• Are requirements revised as a result of changes in funding and threat assessment? | <ul style="list-style-type: none">• Recommend ways to centralize DOD's review of system requirements.• Identify duplicative systems among the military services.• Achieve fiscal reality in the Five-Year Defense Program. |
| <ul style="list-style-type: none">• Do DOD's noncompetitive pricing safeguards protect the government against fraud, waste, and abuse?• Is DOD effectively monitoring and controlling contractor overhead costs? | <ul style="list-style-type: none">• Identify systemic weaknesses that cause inflated contract prices.• Recommend actions to protect the government against unreasonable contractor costs. |
| <ul style="list-style-type: none">• Are contractors disclosing accurate, complete data to support their noncompetitive contract proposals?• Are noncompetitive contract prices inflated because of non-compliance? | <ul style="list-style-type: none">• Save millions of dollars as a result of contract price reductions.• Identify weaknesses in DOD's internal controls for monitoring compliance with the act.• Refer potential criminal activities to appropriate agencies. |

Defense Force Management

| Issue | Significance |
|--|--|
| How can the defense force be made less costly? | Reduced Soviet/Eastern European threats and the budget deficit have made defense staffing a major target for cuts. Defense personnel costs exceeded \$136 billion in FY 1990. |
| Is DOD addressing its human resource needs effectively and efficiently? | DOD faces a major challenge in managing force reductions and restructuring efficiently and fairly. |
| Is DOD implementing organizational changes to improve its military operations and management? | The House and Senate Committees on Armed Services have maintained a strong interest in implementation of the Goldwater-Nichols DOD Reorganization Act of 1986. |
| How will emerging technologies, changing demographics, and socioeconomic concerns affect DOD forces? | Restructured or reduced forces, new weapons, and changing demographics may require significant revision to recruiting, training, and retention programs, concepts, and techniques. |

| Key Questions | Anticipated Results |
|---|---|
| <ul style="list-style-type: none"> • How can DOD best reduce its force structure? • How can DOD reduce the costs of compensation, benefits, retirement, and other support programs? | <ul style="list-style-type: none"> • Recommend options to reduce the force structure and/or defense costs. • Improve DOD's planning and managing of force reductions. • Reduce military retirement and other support/pay costs. |
| <ul style="list-style-type: none"> • How can DOD ease military personnel's transition to civilian life? • Does DOD adequately manage work force reductions? | <ul style="list-style-type: none"> • Identify transition programs for separated personnel. • Recommend ways to minimize the negative impacts of force reductions on minorities and women. • Identify quality-of-life improvements. |
| <ul style="list-style-type: none"> • How well have the act's provisions been carried out? • What adjustments are needed to correct abuses or unintended results? | <ul style="list-style-type: none"> • Identify amendments needed to implement the act. • Recommend improvements in military education programs. • Identify changes in the career paths of joint specialty officers. |
| <ul style="list-style-type: none"> • How will these factors affect DOD's recruiting, training, and retention in the 1990s? • What options to address new challenges in these defense programs can be developed? | <ul style="list-style-type: none"> • Determine how changing demographics will affect DOD's accession and retention programs. • Recommend ways to better manage recruiting, education, and training programs. |

Logistics

| Issue | Significance |
|---|---|
| How can DOD reduce fraud, waste, and abuse in its supply system? | DOD acknowledges inadequate controls over its reported \$109 billion inventory. |
| Will DOD's management review improve logistics processes, organizations, and systems? | The July 1989 review identified cumulative fiscal year 1991-1995 cost savings of close to \$39 billion, of which \$25 billion was for logistics. |
| How should DOD reduce forces and close bases overseas and at home? | Political changes abroad and domestic economic pressures have led U.S. policymakers to conclude that big savings are possible by closing many unneeded bases. |
| To what extent can commercial practices improve defense logistics practices? | DOD has been slow to adopt modern commercial practices for logistics management and continues to store large quantities of materiel. |

| Key Questions | Anticipated Results |
|---|---|
| <ul style="list-style-type: none"> • How can DOD reduce its reported excess of about one-third of its inventory? • Can the transportation, supply, and maintenance systems support Operation Desert Shield? | <ul style="list-style-type: none"> • Save billions of dollars by reducing inventory and identifying better controls. • Change DOD's management culture to improve economy and efficiency. • Reduce logistics problems in the Persian Gulf. |
| <ul style="list-style-type: none"> • Are the identified cost savings in supply management, distribution, and transportation realistic? • Is DOD effectively consolidating its supply and maintenance depots and inventory control points? | <ul style="list-style-type: none"> • Validate the cost savings and identify additional savings. • Identify impediments to DOD's implementing the review's initiatives. |
| <ul style="list-style-type: none"> • How should military officials manage the disposition of massive quantities of equipment and supplies? • How can DOD close bases cost-effectively? | <ul style="list-style-type: none"> • Identify ways to save money on spares and repair parts as forces are reduced. • Achieve savings by examining which overseas and domestic bases can be closed or realigned. |
| <ul style="list-style-type: none"> • How can DOD stop acquiring parts before they are needed? • Are there commercial practices that DOD can use to improve its logistics system? | <ul style="list-style-type: none"> • Increase the use of commercial practices such as • the "just-in-time" concept, • modern logistics management indicators, and • paperless ordering processes. |

Foreign Economic Assistance

| Issue | Significance |
|--|--|
| Is U.S. bilateral and regional economic assistance structured to effectively accomplish U.S. objectives? | The U.S. aid community has been required to do more with fewer resources. Therefore, future U.S. assistance should focus on enhancing the economic growth of developing countries. |
| How can the Agency for International Development (AID) improve its efficiency and accountability in delivering assistance? | U.S. policy-makers and the American public have pressured AID to more effectively deliver and account for its \$9 billion assistance budget. |
| How can the United States influence better management of multilateral organizations? | The effective management of the United Nations, World Bank, and development banks is vital to further U.S. foreign policy objectives. |
| How can U.S. refugee assistance programs be more efficiently administered? | Annual U.S. refugee assistance has been about \$900 million over the last decade, but the refugee population has nearly doubled. Other donors have not made up the difference, and conditions have deteriorated. |

| Key Questions | Anticipated Results |
|--|--|
| <ul style="list-style-type: none"> • Are U.S. economic assistance programs responsive to changing world conditions? • Do alternatives exist for delivering U.S. assistance and spurring economic growth in the developing countries? | <ul style="list-style-type: none"> • Recommend methods for increasing private sector involvement in economic development. • Determine how U.S. assistance efforts can be more responsive. • Recommend alternatives for stimulating economic growth. |
| <ul style="list-style-type: none"> • How should AID be organized to deliver assistance during the 1990s? • Do AID's personnel have the needed skills? • Do AID's financial and management systems meet minimum standards for accountability and program oversight? more efficiently administered? | <ul style="list-style-type: none"> • Identify ways to clarify lines of responsibility, reduce redundancy of functions, and improve the mobilization of limited resources. • Improve accountability and control over assistance funds. |
| <ul style="list-style-type: none"> • How effective has the United States been in ensuring that multilateral institutions are effectively managed and that their programs are not counter to U.S. foreign policy? | <ul style="list-style-type: none"> • Identify ways to better coordinate U.S. and other donor delivery of multilateral development assistance. • Improve internal controls at the United Nations. |
| <ul style="list-style-type: none"> • How can the United States help resolve situations that generate refugees? • Is the United States adequately coordinating its assistance programs? • Are U.S. commodities and cash being efficiently distributed? | <ul style="list-style-type: none"> • Identify ways to reduce refugees' stays in camps. • Provide information for use in deciding the distribution of refugee assistance resources. • Identify better ways to distribute U.S. commodities to refugees. |

Security and International Relations

| Issue | Significance |
|---|--|
| Are U.S. security assistance and related programs well managed? | Dramatic developments in world affairs and domestic budget concerns have led Congress to debate the reasonableness of the \$8.5 billion program. |
| Are arms and technology transfers adequately managed and controlled? | Congress has become increasingly concerned over the impacts of and controls over U.S. military technology transfers and offset arrangements as part of foreign military sales. |
| Can the United States meet its military commitments with reduced defense spending? | Congress is concerned about the ability of the United States to meet its worldwide military commitments. |
| Is the State Department properly structured to carry out its foreign policy role for the 1990s? | State is responsible for thousands of people and billions of dollars of assets around the world, but management and administration have not received adequate attention. |

| Key Questions | Anticipated Results |
|--|---|
| <ul style="list-style-type: none"> • Are the programs accomplishing foreign policy objectives? • How can the program be better managed? • How does increased assistance to friendly Middle East countries affect our assistance to other countries? | <ul style="list-style-type: none"> • Develop a basis for Congress to make informed judgments about funding levels. • Identify more effective management controls over the programs. |
| <ul style="list-style-type: none"> • Are coproduction agreements complying with requirements and prohibitions on the transfer of technology? • How will Europe's consolidation of defense development and procurement affect U.S. defense contractors? | <ul style="list-style-type: none"> • Increase congressional oversight. • Improve agencies' oversight and management to prevent foreign countries from making unauthorized technology and weapons transfers. |
| <ul style="list-style-type: none"> • What allied support is the United States receiving to help meet its overseas commitments? • How will arms control agreements affect U.S. defense commitments? | <ul style="list-style-type: none"> • Determine means to increase defense burden sharing among U.S. allies. • Identify costs and benefits related to implementing arms control agreements. |
| <ul style="list-style-type: none"> • How effectively has State implemented its 5-year construction program? • Are foreign affairs agencies effectively managing their programs? • How will State manage an increase in U.S. activities in Eastern Europe? | <ul style="list-style-type: none"> • Identify better controls over the construction program to reduce costs and improve timeliness. • Use funds more efficiently and improve foreign affairs operations. |

International Trade and Finance

| Issue | Significance |
|---|---|
| How can federal efforts strengthen U.S. international competitiveness? | The competitiveness of the national economy directly determines the U.S. standard of living and economic well-being. |
| Will U.S. trade agreements secure a fairer and more open trading system? | Removal of foreign import barriers and unfair export incentives will maximize U.S. benefits from the trading system. At the same time, export controls and trade sanctions are important international security issues. |
| Do U.S. policies address issues of international debt, financial markets, and foreign investment? | The emergence of a world economy means the United States has less control over world financial markets, foreign investment in the United States, Third World debt, and the value of the U.S. dollar. |
| What can U.S. government agencies do to promote U.S. exports? | How to increase world demand for U.S. products and services is still a major challenge. Agricultural exports, representing about 20 percent of U.S. farm income, are of particular concern. |

| Key Questions | Anticipated Results |
|--|--|
| <ul style="list-style-type: none"> • Are U.S. trade laws and special import programs enhancing U.S. competitiveness? • Is the federal government stimulating greater U.S. competitiveness? • Can the United States maintain the viability of industries essential to national security? | <ul style="list-style-type: none"> • Improve the administration and contributions to competitiveness of the various trade laws, import programs, and federal competitiveness initiatives. |
| <ul style="list-style-type: none"> • Are trade-negotiating strategies realistic to U.S. goals? • Can the administration monitor the implementation of trade agreements and promote foreign compliance? | <ul style="list-style-type: none"> • Help ensure a world trading system that is fairer and more open to U.S. goods and services. • Offer an independent view of progress in the Uruguay GATT Round and other major trade negotiations. |
| <ul style="list-style-type: none"> • Is the U.S. regulatory response to world economy issues adequate? • What new emerging issues will the United States face? | <ul style="list-style-type: none"> • Provide the Congress with evaluations of federal policy in international finance. |
| <ul style="list-style-type: none"> • Are government export promotion activities achieving their maximum potential? • Are the government collection, analysis, and distribution of foreign economic and trade information effective? | <ul style="list-style-type: none"> • Help revitalize U.S. agencies with export promotions programs. • Identify methods to improve the national trade data bank. • Improve agricultural export promotion programs. |



3GA0L000594475