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The Peace Corps in a Turbulent World

The Peace Corps was born in a different world, the Cold War world. It was created to win hearts and minds in the non-aligned developing countries, but its biggest impact may have been at home in America.

Nation building was the top priority for the Peace Corps when the first volunteers arrived in Ghana in August 1961. In retrospect, the complexities of nation building were grossly underestimated. The impact of the Peace Corps on economic growth in developing countries over the past 40 years has been too small to measure partly because of these complexities, but mostly because of the small scale of its operations.

After the first wave of pioneers, however, individual volunteers have attached greater importance to the second and third goals of the Peace Corps: promoting better understanding of Americans by people in culturally distant countries, and promoting better understanding of these people in the cities and towns of America. While it is impossible to quantify the increase in mutual understanding attributable to the Peace Corps since 1961, the personal relationships established and the insights gained are widely acknowledged both at home and abroad.

The zeal of the early 1960s was followed by a decade of gradual decline in the size and ambitions of the Peace Corps, which came close to succumbing to Vietnam-era cynicism on university campuses and to partisan politics in Washington. The fall of the Iron Curtain at the end of the 1980s and the historic transition to market economies and democratic political systems among the countries of the former communist bloc led to a resurgence of interest in the Peace Corps among developing countries (especially in Latin America) as well as among young Americans. This trend coincided with a new interest in creating opportunities for voluntary service domestically to produce a remarkable bipartisan consensus behind an expansion of the Peace Corps abroad and the creation of AmeriCorps to add muscle to volunteer programs at home. Nevertheless, the Peace Corps remains the only civilian volunteer program fully funded by the federal government.

Terrorism moved to the top of the foreign policy agenda after the attacks on New York and Washington on September 11, 2001. As part of his strategy of mobilizing Americans to tackle domestic and foreign problems, President George W. Bush proposed a doubling of the Peace Corps from 7,000 to 14,000 by 2007. Military intervention to establish stable and respectable regimes in Afghanistan and Iraq were much larger policy initiatives that sparked a new public debate in the United States and the United Nations about nation building. The HIV/AIDS epidemic in Africa and the intolerable conditions

in failed states such as Burma, Haiti, Kosovo, Liberia, and North Korea added to public pressure to find new ways to reduce violence, deprivation, and suffering in the world.

High-speed, high-volume, and high-quality communications, unimagined when the Peace Corps was founded, have created the global village we live in today where images of the collapsing World Trade Center towers were broadcast in every country in the world in real time and were seen by a high percentage of the globe's 6 billion inhabitants before the sun set in New York the same day. Even before this event, the economic and political power of the United States and Europe and Japan—together with technological advances—had sparked a vigorous anti-globalization movement with high-profile leaders in many developing countries.

The Peace Corps has adjusted continuously to changing realities in the field. As a result the demand from developing countries for volunteer programs has remained strong and the opportunity to serve in the Peace Corps has remained appealing for many Americans. Peace Corps service has been a transforming personal experience for more than 170,000 volunteers and the people they encountered in the communities where they worked. This experience has been the core benefit of the Peace Corps. The record suggests that these benefits have been commensurate with the agency's modest budget cost.

Still, the task of building a stable and prosperous world is no smaller than it was forty years ago. Although the USA now has overwhelming military power to apply to this task, evidence abounds that military instruments alone cannot assure success. The Peace Corps is perhaps the most widely supported non-military program of the U.S. government for promoting global stability and prosperity, but the number of volunteers is a tiny fraction of the number of men and women in uniform. Simply doubling or tripling the Peace Corps is not likely to make a difference. The question for policy makers is whether a new rationale for placing a substantially larger number of talented Americans in communities in less privileged countries, building on the Peace Corps model, could make a difference.

The purpose of this paper is to examine key issues relating to the future role of the Peace Corps and to identify some feasible policy choices in the near term.

Today's Peace Corps in Brief

From a high of over 15,000 volunteers and trainees in the field in 1966, the size of the Peace Corps fell steadily and remained under 5,000 from 1981 to 1989.¹ During the 1990s it grew slowly reaching 6,600 in 2001. In his State of the Union address in January 2002, President George W. Bush committed his administration to doubling the size of the Peace Corps to 14,000 within five years. As a result, recruitment has been stepped up. The number of volunteers is projected to approach 8,000 by the end of 2003, and the FY2004 budget request is based on having more than 10,000 volunteers by the end of next year.

At the beginning of 2003, 61 percent of volunteers in the field were female and 83 percent were in their twenties (7 percent were over 50 years old). Only 9 percent were married and 27 percent were from ethnic minorities (including non-specified).

Today's volunteers are serving in 71 countries: 25 in sub-Saharan Africa, 18 in Latin America, 13 in Eastern Europe and the former Soviet Union, 7 in the Pacific Ocean, 6 in Asia, and 2 in the Middle East and North Africa. On the basis of projected 2004 strength, the largest country program is Ukraine with 373 volunteers. Nine other countries have programs with 200-300 volunteers: Guatemala, Honduras, Kenya, Mali, Nicaragua, Paraguay, Romania, Tanzania, and Uzbekistan. The smallest program is in Cape Verde with 48 volunteers. Since 1961, almost 170,000 volunteers have served in 136 countries.

The activities in which volunteers are engaged are difficult to categorize, but the current breakdown by the agency places 32 percent in education, 21 percent in health and HIV/AIDS, 18 percent in environment, 14 percent in business development, 9 percent in agriculture, and 7 percent in other areas.

The budget for the Peace Corps for FY2002 was \$279 million. The budget request for FY2004 is \$359 million, reflecting the Administration's commitment to double the number of volunteers by 2007. Expenses for direct volunteer operations account for \$297 million of the total. These include staffing country offices, in-country living allowances for the volunteers, lump-sum payments to returning volunteers, medical support (including disability payments), and recruitment. Washington headquarters expenses (technically "Volunteer Operations Support Services") account for the remaining \$62 million.

After two days of orientation in the United States, volunteers are sent to their assigned countries for 10-12 weeks of training, especially language training (currently more than 180 distinct languages). After successfully completing training they are formally sworn in and sent out to their sites, mostly in rural/grassroots locations. Volunteers serve for a period of two years. A few with unique skills and outstanding performance are allowed to extend for a third year. Volunteers receive a monthly living allowance that varies from country to country. Host country contributions also vary, but typically consist of

¹ Data primarily from the Peace Corps 2004 Congressional Budget Justification. The figure for 1966 is from Elizabeth Cobbs Hoffman, *All You Need Is Love*, Harvard University Press, 1998, p. 262.

arranging living accommodations. Volunteers are expected to have the same basic standard of living as their counterparts, except the medical care they receive is generally better than available to their counterparts. Volunteers travel locally by bicycle or public transportation, and do without amenities such as telephones and air conditioning in their living quarters. Volunteers accumulate a readjustment allowance—currently \$225 per month, \$5,400 over two years—that they receive in a lump sum at the end of their service. The Peace Corps also makes a modest effort to help returned volunteers find jobs and pursue educational opportunities.

The Second and Third Goals, promoting better mutual understanding overseas and within the USA, are reflected in several activities each of which has a small budget cost, but which together require a significant amount of management time. These include the Coverdell World Wise Schools program that links students in the United States with volunteers in the field, and the Fellows/USA program that places returned volunteers in high-need communities while they pursue graduate degrees. In addition, the Peace Corps administers the Crisis Corps that sends returned volunteers to assist in disaster reconstruction on a short-term basis, and the U.N. Volunteers program.² In recent years, the Peace Corps has also formed alliances with organizations such as the Centers for Disease Control, the Gates Foundation, AOL Time Warner Foundation, Habitat for Humanity, National Geographic, the Department of Commerce, and the U.S. Agency for International Development (USAID). Partnerships with private sector businesses are also being developed.

² The U.N. Volunteers program was established in 1970. It is headquartered in Bonn, Germany, and is operationally linked to the U.N. Development Program (UNDP). Currently close to 5000 U.N. volunteers are serving in 157 countries. The largest contingents—200-300 strong—are in the former Yugoslavia republics, Timor-Leste, and the Democratic Republic of the Congo. From the U.N. Volunteers web site: <http://www.unv.org> [August 16, 2003].

The Domestic Context

[Describing the mission of the first settlement workers in London] To bridge the gulf that industrialism had created between rich and poor, to reduce the mutual suspicion and ignorance of one class for the other, and to do something more than give charity, university men would live in a poor neighborhood of a great city. They would make their settlement in the slums and outpost of education and culture.

--Davis in *Spearheads for Reform*³

John F. Kennedy proposed creating the Peace Corps in the final days of his election campaign in 1960. Its establishment the following year was one of the most widely recognized accomplishments of his administration.

Many threads were woven together to make the fabric of the Peace Corps. It did not come as a bolt from the blue. Some of these threads can be traced to the altruistic streak in America identified by Alexis de Tocqueville in the 1830s. In the late 1800s, the settlement house movement that began in urban England quickly spread to cities and rural backwaters in the USA. The movement brought highly educated men and women to live in the slums and hollows of America to help impoverished families rise above their desperate circumstances.⁴

In 1904, William James proposed conscripting young men to fight poverty in America.⁵ The American Field Service (AFS) began as a group of American volunteers driving ambulances in France during World War I. Each year it now places almost 2,000 American students, young adults, and teachers in communities abroad, brings more than 3,000 to the USA, and arranges another 6,000 exchanges between other countries.⁶ The Experiment in International Living (EIL) began in 1932. It places American students in high schools overseas and has programs for language training and group travel. Currently more than 10,000 Americans participate in EIL programs each year.⁷

American missionaries have worked in foreign countries for decades. The Mormon Church among others has encouraged young members to work with poor people abroad. The International Voluntary Service was founded in 1953 by Christian leaders from several countries. It placed college graduate volunteers in developing countries for two years of work at the grassroots level. The experience of medical doctors like Tom Dooley in Southeast Asia after World War II helped to focus the attention of Americans on less fortunate people overseas and how receptive they could be to some help from the USA. A novel by William Lederer and Eugene Burdick, *The Ugly American*, became a

³ Allen F. Davis, *Spearheads for Reform: the Social Settlements and the Progressive Movement, 1890-1914*, Rutgers University Press, 1984. Quoted in Philis Alvic, *Weavers of the Southern Highlands*, University Press of Kentucky, 2003, p. 5.

⁴ Rice (1985, p.6). These and other threads are discussed in Hoffman (1998) and Fritz Fischer, *Making Them Like Us: Peace Corps Volunteers in the 1960s*, Smithsonian Institution Press, 1998.

⁵ Gerard T. Rice, *The Bold Experiment: JFK's Peace Corps*, University of Notre Dame Press, 1985, p. 7.

⁶ From the AFS web site: <http://www.afs.org> [September 18, 2003].

⁷ From the EIL web site: <http://www.experiment.org> [September 18,2003].

bestseller in the late 1950s. It contrasted the aloofness of American diplomats with the accomplishments of a rural development expert in Asia.

Congressmen Henry Reuss introduced a bill in January 1960 to study the establishment of a “Youth Corps” to fight poverty overseas. A similar bill introduced by Senator Hubert Humphrey six months later was the first to apply the “Peace Corps” label.⁸

Public service, national service, and volunteer service

The Peace Corps today represents a small piece in a vast mosaic of public service, national service and volunteer service.

Public service in popular parlance encompasses all of the employees of the Federal, state, local governments and their related boards, agencies, and corporations. These are all funded by taxes on the citizenry. One of the largest groups consists of teachers in our public schools. All Peace Corps volunteers are public servants because the Peace Corps Act accords them the status of Federal employees.

Americans have had mixed feelings about the size of the public sector and the status of public servants from the beginning of the republic. After the terrorist attacks in New York and Washington on September 11, 2001, there was an upwelling of favorable sentiment toward public service that remains significant.

At the same time, the report of the National Commission on Public Service, chaired by Paul Volcker, highlights a troubling pattern of eroding trust in the federal government and declining morale among civil service employees.⁹ The Peace Corps swims against this tide. Partly because of its independence, its staff morale has been relatively high.

National service is equated in the public mind with military service, but Peace Corps volunteers are participants in national service as much as our Army soldiers, Air Force pilots and Navy sailors are. This is truer today than in the 1960s because military personnel are no longer drafted and therefore are all “volunteers.” It is also relevant that our military personnel are trained for operations overseas, not within the USA. Moreover, military units are now more likely to be sent to developing countries where the Peace Corps volunteers has operated rather than the advanced countries of Europe, the main battlefield over the past century.¹⁰

The war in Iraq has sparked a new debate about national service that could have some impact on the Peace Corps. Noting that the casualties among our armed forces this year have been predominantly young men and women from less-educated, low-income

⁸ Rice (1985, p. 10-11).

⁹ *Urgent Business for America: Revitalizing the Federal Government for the 21st Century*, Brookings, 2003.

¹⁰ Other groups that fall in the category of national service are the Public Health Service and the Coast Guard. The foreign service has some of the characteristics of national service, as do the various intelligence services and law enforcement agencies (e.g., the FBI). They all employ men and women who put themselves “in harm’s way” to some degree so that Americans can live in safety and comfort.

families, bills have been introduced in the Congress to reinstate a form of the draft that would draw a relatively small group of draft-age Americans from all parts of society into military service and require others to perform some other kind of national service. The political support for such a big step appears thin, but the debate serves to focus attention on the Peace Corps, which is often mentioned as a nonmilitary national service option alongside domestic volunteer programs such as AmeriCorps.

Box One provides some numbers that illustrate the scope for national service.¹¹ These serve to highlight the small scale of the Peace Corps relative to the U.S. labor force, the number of men and women on active military duty and in the National Guard and Reserve Forces, the number of military veterans, and the number of higher education graduates. Even focusing on the large requirement for military personnel, if the basic tour of duty were two years, the current demand for military personnel could be met by calling up one out of every 40 American men and women reaching draft age. Nonmilitary national service options would have to be found for the other 39.

Volunteer service is an even broader and more complex subject. The Department of Labor has estimated that more than one in four American adults (almost 60 million out of 220 million over the age of 16) participated in voluntary service activities in community organizations in 2001-2002, such as teaching Sunday school, assisting nurses in hospitals, building houses with Habitat for Humanity, and serving in AmeriCorps.¹² The vast majority of these are unpaid volunteers. One complexity is that the line between paid volunteers and people who accept low-paying employment engaged in similar activities is a fuzzy one. For example, many of the employees of NGOs working with poor people or older people earn little more pay than AmeriCorps volunteers. Apart from volunteers in faith-based organizations, one of the largest activities attracting unpaid volunteers (and probably/perhaps the largest related to a Federal program) is the Head Start program that works with pre-school children and their low-income families. Approximately 1.3 million volunteers worked in Head Start centers in FY 2001.¹³

¹¹ U.S. Population and labor force numbers from the Census Bureau web site: <http://www.census.gov/main/www/cen2000.html> [September 13, 2003]. The number for active duty and reserve personnel is from the FY 2004 Federal Budget, p. 84. It may include re-enlistments. The numbers on higher education graduates are from the web site of the National Center for Education Statistics: http://www.nces.ed.gov//pubs2003/digest02/ch_3.asp [September 15, 2003]. Women received 58 percent of the Associate, Bachelor, and Master degrees conferred. Men received 54 percent of the Doctor and First Professional degrees conferred.

¹² From the 2002 USA Freedom Corps annual report available at <http://www.usafreedomcorps.gov> [August 16, 2003].

¹³ Taken from FAQ #138 in the Administration for Children and Families section of the Department of Health and Human Services web site: <http://faq.acf.hhs.gov> [September 15, 2003].

Box One: Demographics

Total U.S. population (2002):	288 million
--of which in labor force (over 16):	140 million
Men and women reaching the age of 17 (graduation from high school) and 21 (graduation from college) each year:	4 million
Men and women entering military service each year: (equivalent to 5 percent of each age cohort)	210,000
Men and women entering the Peace Corps each year: (one-eighth of one percent of the same cohort)	4,800
Men and women on active military duty: (seven tenths of one percent of the labor force between 16 and 64)	1,400,000
Men and women in the National Guard and Reserve Forces:	860,000
Military veterans in the civilian labor force:	26 million
Peace Corps volunteers in the civilian labor force:	170,000
Graduates of higher education in the 2000-01 academic year:	
--2-year Associate degrees:	580,000
--4-year Bachelor degrees	1,200,000
--Higher degrees	590,000

The major differences between the Peace Corps and AmeriCorps (created in 1993 as an early Clinton Administration initiative) are highlighted in Box Two.¹⁴

President Bush created the USA Freedom Corps in 2002 as a central point for mobilizing Americans interested in voluntary service in support of national goals. A “Coordinating Council” housed at the White House and chaired by the President provides political visibility and policy guidance for the various federal service programs in existence.¹⁵ These programs include the Peace Corps, AmeriCorps, Senior Corps, and Learn and Serve America.¹⁶ Related programs include the Citizen Corps, Students in Service to America, Business Strengthening America, and a variety of programs managed by an assortment of federal agencies.¹⁷ Together, these programs funded with federal tax dollars are supporting socially beneficial activities by more than 2 million volunteers. In his 2002 State of the Union address, President Bush also called on all Americans to dedicate at least two years in their lifetimes to the service of others.

On September 25, 2003, President Bush signed an Executive Order formally inaugurating the Volunteers for Prosperity Initiative that is designed to match Americans with technical skills with volunteer opportunities overseas related to five federally-supported programs: the Digital Freedom Initiative, the Emergency Plan for HIV/AIDS Relief, the Middle East Partnership Initiative, the Trade for African Development and Enterprise Initiative, and the Water for the Poor Initiative. The Volunteers for Prosperity Initiative is explicitly designed to complement the Peace Corps. It is being coordinated and administered by USAID and appears to be a mechanism primarily for directing volunteers to pre-existing programs managed by other federal agencies and NGOs. A major advantage is that it offers short-term as well as long-term opportunities. A possible disadvantage is its low profile as part of the USA Freedom Corps family of programs.

¹⁴ Since 1994, more than 250,000 men and women have completed AmeriCorps service. From <http://www.AmeriCorps.org/whoware.html> [September 14, 2003]. AmeriCorps includes the VISTA program, founded in 1964 to help overcome poverty in the poorest communities in America, and the NCCC (National Civilian Community Corps), a full-time residential program combining military service and civilian service practices.

¹⁵ Ten federal agencies and departments are represented on the Council.

¹⁶ The three domestic programs come under the Corporation for National and Community Service. The **Senior Corps** mobilizes more than 500,000 volunteers aged 55 and older who participate in three programs: Foster Grandparents, the Retired and Senior Volunteer Program, and Senior Companions. The **Learn and Serve America** program provides grants to link classroom instruction with community service. This includes Students in Service to America, launched in September 2002 to help spread habits of service and civic participation among students.

¹⁷ The **Citizen Corps** was launched in January 2002 to help communities deal with crime, natural disasters, and terrorist attacks. Programs supported by Citizen Corps include Volunteers in Police Service, Medical Reserve Corps, Neighborhood Watch, and Community Emergency Response Teams. **Students in Service to America** is working with the Department of Education and the Points of Light Foundation to support service activities in more than 130,000 schools and after-school programs. **Business Strengthening America** was formed in June 2002 for the purpose of changing corporate practices and policies to facilitate expanded volunteer service by corporate employees. The Department of Agriculture’s Forest Service and the Department of Veterans Affairs mobilize more than 500,000 volunteers each year in support of their missions.

Box Two: The Peace Corps vs. AmeriCorps

- AmeriCorps members (this term is preferred over volunteers) commit to 10-12 months (instead of two years) of community service exclusively in the USA.
- AmeriCorps is much larger. Against 8,000 Peace Corps volunteers, roughly 30,000 slots for AmeriCorps members have been filled this year.*
- In budget terms, AmeriCorps and the Peace Corps are about the same size. The FY204 budget request for AmeriCorps was \$433 million to support 75,000 slots, but the Congress appears unlikely to provide funding of more than \$345 million for about 50,000 slots.
- Instead of being federal government employees, AmeriCorps members are employees of the more than 2,100 local governments, NGOs, and faith-based organizations that sponsor them. Three-quarters of all AmeriCorps funds go to state commissions that make three-year grants to local NGOs and public agencies. The other quarter goes directly to NGOs with nation-wide activities.
- Under AmeriCorps, sponsoring organizations provide 33 percent of program operating costs and 15 percent of the living stipend. Under the Peace Corps, no host-country contribution is required, but some countries provide housing or less substantial forms of support.
- AmeriCorps members have the option of working part-time, which PCVs do not have.
- Both AmeriCorps members and PCVs receive stipends to cover their living expenses. For AmeriCorps members, the stipend is \$9,300 per year. For Peace Corps volunteers, the stipend varies from country to country and averages \$2,400 per year. Their living conditions also vary considerably but are generally considered to be less comfortable, safe, and healthy than the conditions experienced by AmeriCorps members.
- AmeriCorps members become eligible for grants up to \$4,725 (for one full year of service) that can be used only to pay for college or to repay student loans. This compares with the readjustment allowance limited to \$5,400 (\$2,700 per year) that Peace Corps volunteers receive in a lump sum after two years of service and that they can use for any purpose.

* An additional 20,000 slots were created but went unfunded due to a combination of mismanagement and budget pressures.

Another federally supported program that sends volunteers overseas is the International Executive Service Corps. It recruits business experts, mostly for short-term assignments, to help businesses in developing countries with specific technical or managerial problems. Established in 1964 and funded in part by USAID, the IESC has a roster of 12,000 volunteers (mostly retired, hence the nickname Paunch Corps) and offices in more than 55 countries. The Geek Corps, specializing in computer skills and other high-tech specialties, is a division of IESC.¹⁸

The Impact of the Peace Corps

From a budget analyst's perspective, the natural tendency is to assess the benefit of the Peace Corps by its impact on economic progress in the countries where volunteers have served. The world in which volunteers have served is too vast and the number of volunteers too small to make it possible to measure this impact.

From the perspective of Peace Corps management, which has been responsible for recruiting, training, and placing volunteers, a more meaningful standard is the aggregate impact on the volunteers themselves. Each volunteer begins service with personal goals. While many volunteers are disappointed by what they accomplish, many succeed beyond their dreams. The Peace Corps accepts high risks (such as 30 percent attrition) to achieve these high gains.

Returned PCVs have made notable contributions in the USG agencies that are most active overseas, namely the State Department and AID. They have been elected to the Congress and served on the committees that authorize and appropriate funds for international activities. They permeate the NGOs that are active overseas. They have become successful leaders of international businesses, and authors of best-selling books opening windows on the world outside our borders.¹⁹ They have established and maintained personal relationships that continue to generate positive attitudes toward Americans.²⁰

Many returned volunteers have become activists in their communities and have brought the knowledge they gained overseas to bear on making our communities better places to live. A considerable number have become teachers who instilled the value of voluntary service in their students. They have helped new immigrants adjust to the USA and

¹⁸ From the web site of the IESC: <http://www.iesc.org> [September 21, 2003].

¹⁹ Prominent returned Peace Corps volunteers include one sitting senator (Christopher Dodd) and five representatives, governors, mayors, former cabinet secretaries (Donna Shalala), the Executive Director of UNICEF (Carol Bellamy), senior executives at the International Crisis Group, Sierra Club, and World Food Program, the Chairman of the Board of Levi Strauss (Robert Haas), senior executives at American Standard, Citicorp, ExxonMobil, The Nature Company, the host of NBC's Hardball (Chris Matthews), journalists and personalities at other leading media, the President of Michigan State University (Peter McPherson) and the presidents of several other universities and deans of graduate schools, and successful authors such as Paul Theroux (*Mosquito Coast*).

²⁰ One outstanding example is the President of Peru, Alejandro Toledo, who attributes his political success to the influence of a couple of Peace Corps volunteers.

become productive citizens. They have been elected to public office and have used experience acquired in the Peace Corps to help build a political consensus for social improvements.

These intangible benefits have been widely recognized and have contributed to the remarkable bipartisan consensus in the U.S. Congress in support of the Peace Corps. The Peace Corps appears to punch well above its weight, which begs the question of why it remains so small. The budget constraints noted above are part of the answer, but the current vision—largely unchanged since 1961—appears to be another factor. No President since Kennedy has seen fit to recast the mission of the Peace Corps to address new challenges in the world that would appeal to a cross-section of the American population. As long as the Peace Corps remains wedded to the three goals it was born with, there seems almost no chance of having a bigger impact on global security and prosperity—or on the domestic challenges that we face. As a result, the Peace Corps may fall short of its potential.

Fundamental changes in the world in the last decade beg the question of whether the Federal government should consider new ways of tapping the energy and skills of the American people interested in pro bono service overseas. These changes include the end of the Cold War, the plague of terrorism, the large number of failed and rogue states, anti-globalization sentiment, and the ongoing revolutions in technology (communications, information, genetics, etc.)

The Budget Dimension

In the context of the whole federal budget, the amount requested for the Peace Corps is a drop in the bucket: \$359 million out of a total budget (outlays basis) of \$1,848 billion, or two one-hundredths of one percent of the total. (See Table 1.) Nevertheless, due to the intense pressure to contain spending for all domestic and foreign programs, the odds are against the Peace Corps receiving all of the funding from Congress that the President has requested for FY 2004.

The Peace Corps line item in the Federal budget is part of Budget Function 150: International Affairs. The total budget request for this function is \$24 billion (budget authority basis). A bit more than half of the money for this function is allocated to “international development, humanitarian assistance” (\$12.5 billion). The Peace Corps at \$359 million is the smallest line item that appears under this heading. The largest item is development assistance, including global health initiatives and overhead costs incurred by the Agency for International Development (\$3.6 billion). Other bilateral foreign aid programs (Millennium Challenge Corporation, food aid, Former Soviet Union/Central-Eastern Europe) add up to another \$3.6 billion. Contributions to the World Bank, the regional development banks, and various international organizations come to \$1.8 billion. Anti-narcotic programs are another \$1.0 billion, and refugee programs amount to \$800 million.

Table 1: FY 2004 Budget Request
(billion dollars)

<u>Totals</u>	
Total Budget Authority(BA)	2,243
(Discretionary)	(782)
(Mandatory/ Other)	(1,461)
National Defense (Budget Function 050)	400
(Discretionary)	(399)
(Mandatory)	(1)
International Affairs (Budget Function 150)	24
(Discretionary)	(29)
(Mandatory)	(-5)
<u>National Defense (Budget Function 050)</u>	
Department of Defense	380
Atomic Energy Defense Activities	17
Defense-Related Activities	2
Discretionary BA	399
<u>International Affairs (Budget Function 150)</u>	
International Development, Humanitarian Assistance	12.5
International Security Assistance (ISA)	7.6
Conduct of Foreign Affairs (CFA)	7.5
Foreign Information and Exchange Activities (FIE)	1.0
International Financial Programs (Export-Import Bank)	0.0
Discretionary BA	24.1
<u>International Development, Humanitarian Assistance</u>	
Multilateral Development Banks	1.5
Contributions to International Organizations	0.3
Development Assistance (including global health)	2.8
Millennium Challenge Corporation	1.3
Food Aid	1.2
Former Soviet Union/ Central Europe	1.1
Narcotics/ Andean counter-drug	1.0
Refugee Programs	0.8
USAID Operations	0.8
Peace Corps	0.4
Miscellaneous	1.3
Discretionary BA	12.5
<u>Other Major Budget Item 150 Programs</u>	
Military Financing Grants and Loans (ISA)	4.4
Economic Support Fund (ISA)	2.5
Nonproliferation, de-mining, etc. (ISA)	0.4
State Department Operations (CFA)	4.3
Embassy Security and Construction (CFA)	1.5
Dues to International Organizations (CFA)	1.0
International Peacekeeping Support (CFA)	0.6
Broadcasting (FIE)	0.6
Other Information and Exchange Activities (FIE)	0.4

The other major items in the 150 Budget Function include military grants and loans (\$4.4 billion), State Department operations (\$4.3 billion), embassy security and construction (\$1.5 billion), and dues to international organizations (\$1.0 billion). Among the smaller line items, \$600 million is requested for broadcasting and \$400 million for “other information/exchange activities.” These activities include the Fulbright Program and the Humphrey Program. The Fulbright Program, created in 1946, currently provides grants to about 2,200 American scholars and students each year for teaching and advanced studies overseas, and to 2,200 foreign scholars for study and research in the USA. The Hubert Humphrey Fellowship Program currently brings about 150 accomplished professionals in mid-career to the USA for a year of study and work.²¹

The International Affairs budget of \$24 billion, , is dwarfed by the National Defense budget of \$400 billion (budget function 050). The Defense Department gets \$380 billion of this, of which payments to military personnel alone amount to \$99 billion.

There is a close connection of course between national defense expenditures and international affairs expenditures. Both are undertaken for the purpose of enhancing our national security. The military represents the “hard” instrument to achieve this purpose. The activities funded under the international affairs function can be seen as the “soft” instrument for enhancing national security. While it is difficult to imagine that soft instruments alone could achieve the degree of security that Americans desire, the costs of various instruments should be clear when considering their effectiveness. At the present time, this involves a distinction between efforts to prevent international terrorism and efforts to eliminate or contain known terrorists.

The Peace Corps is one of many instruments to advance U.S. foreign policy objectives. A volunteer in the field earns \$2,700 per year (in the form of a readjustment allowance). By contrast, the average base pay for enlisted personnel is \$37,000 and for officers is \$75,000.²² On top of these costs are benefits such as incentive payments for particular skills or assignments, enlistment and reenlistment bonuses, retirement benefits, housing, and childcare. Looking for the smallest possible number, the base pay for an Army private serving in Iraq would be \$1,290 per month (\$15,480 per year—E2) and for a second lieutenant would be \$2,184 per month (\$26,208 per year—O1). Combat pay adds another \$225 per month (\$2,700 per year), which happens to be exactly the rate at which Peace Corps volunteers accumulate their lump-sum readjustment allowance.

²¹ From the web site of the Institute for International Education that administers both programs: <http://www.iiie.org>.

²² Military figures are from the FY 2004 budget request. For both the Peace Corps and the military there are larger indirect overheads, but attempting to make meaningful comparisons for these costs does not look like a fruitful exercise.

The International Context

Great power and great wealth do not necessarily produce greater respect or greater security... [An] effective foreign policy in the age of global politics must combine power and cooperation.

--Daalder and Lindsay in *Agenda for the Nation*²³

The U.S. military provides the glue that holds alliances together and the stability necessary for the world's major economies to flourish.

--Aaron, Lindsay and Nivola in *Agenda for the Nation*²⁴

In the 1960s, the Cold War struggle to contain communism was the dominant foreign policy goal of the U.S. government. The strategic nuclear attack force was the foremost instrument in waging this struggle. Armed intervention, notably in Korea and Vietnam, also played a critical role.

At the same time, inspired in part by the successful Marshall Plan for the post-war reconstruction of Europe, the United States deployed an array of soft instruments to win the hearts and minds of the majority of the globe's population that lived in Third World countries. Many of these countries were newly independent former colonies more focused on the task of building the institutions of nationhood than reducing poverty. In budget terms, the dominant U.S. programs were bilateral loans and grants administered by AID, the Department of Agriculture, and the Department of Defense, and multilateral aid funneled through the World Bank and the regional development banks. The Peace Corps was dwarfed by these programs, and it was unique in working at the grassroots level. At its heart, lay the belief permeating U.S. policy at the time that the critical obstacle to economic growth in the Third World was the shortage of people with the skills necessary to run a modern economy. Hence the first goal of the Peace Corps was to provide trained manpower.

By the beginning of the 1980s, much of the initial optimism about the effectiveness of foreign aid in promoting economic growth had evaporated and U.S. development assistance began focusing more narrowly on the poorest people in the poorest countries.²⁵ This development was interrupted following the end of the Cold War by strong demand for volunteers from the transition countries of Eastern Europe and the former Soviet Union. This demand was partly motivated by political symbolism and partly by technical interests (such as improving English language skills). Toward the end of the 1990s, the Peace Corp's attention shifted toward joining the global fight against the scourge of HIV/AIDS, especially in Africa.

²³ Henry Aaron and others, *Agenda for the Nation*, Brookings Institution Press, 2003, pp. 288 and 290.

²⁴ Henry Aaron and others (2003, p.11).

²⁵ For more than a decade Egypt and Israel have been the largest recipients of U.S. aid, but these amounts have been "earmarked" for political reasons rather than being allocated on the basis of development criteria.

The terrorist attacks in New York and Washington on September 11, 2001, transformed the foreign policy agenda of the United States. As a result, U.S. foreign policy is preoccupied with the fight against terrorism and is likely to remain so for years to come. Many other countries feel threatened by terrorism and have joined in the fight against it with a spectrum of hard and soft weapons.

The preeminence of American military power has been referred to as a kind of “glue” for global security and stability. At the same time, the military might of the United States is seen by much of the world as a means of extending American economic and cultural domination. Without more welcome kinds of glue, the security and stability we seek could be elusive. Therefore, one of the major challenges for the U.S. government is to build up nonmilitary (and noncommercial) activities that are appreciated by other countries. The Peace Corps appears to be one of the programs of the U.S. government most eagerly embraced by developing countries. This is arguably a sufficient reason for expanding it.

The quest for global security and stability has two other dimensions that relate to the Peace Corps: nation building and poverty alleviation. The world is now more clearly divided between high-income countries with stable systems of governance and low-income countries rife with political instability and economic confusion. U.S. policy toward these low-income countries is premised on the belief that countries with democratic political systems and rapidly rising standards of living will not become threats to global peace and order. We have learned from constant disappointment, however, that establishing democratic systems and promoting economic growth among developing countries are extremely complicated tasks. Apart from the transition countries of Eastern Europe and the former Soviet Union, two Third World countries since 1960 appear to have established stable democratic governments and achieved sustainable economic growth: Mexico and South Korea. Two more stand out with enviable records of economic growth or political stability: China and India, together accounting for one third of the world’s population. Elsewhere, progress in Latin America has been made in fits and starts, the Middle East has been in constant turmoil, and many African countries have slipped backwards.

Part of the frustration Americans feel about foreign aid is that it does not appear to be working. Some countries that have received billions of dollars of aid over decades are still poor and suffer from substandard governance. The number of “failed states” appears to be growing. Another part of the frustration is that the American handshake on a sack of wheat flour or a health worker’s jeep seems to be greeted with more skepticism than ever. In some places the negative attitude toward the United States is inseparable from broader opposition to globalization, reflected in demonstrations against genetically modified foods, multinational corporations, the IMF, and a variety of other external forces.

As wonderful as the Peace Corps may be, the task of achieving global stability and prosperity is obviously too big for the Peace Corps by itself. A broad range of hard and

soft instruments will be required to meet the challenges of terrorism, nation building and poverty.

Fortunately the United States is not alone in tackling terrorism, nation-building and poverty. Dozens of other countries have been working alongside us for decades. All of the developed democracies commit a larger share of their GDP to development assistance than the United States does, although the average is still less than one percent. A number of the more successful developing countries, such as China, India, and Mexico, have launched foreign aid programs. Half a dozen major specialized agencies of the United Nations, including the World Bank and the World Health Organization, have vast experience and considerable capacity.

Perhaps as many as twenty other countries have active government-supported programs of volunteers working at the grassroots level in developing countries. Indeed the first Peace Corps-type volunteer appears to be an Australian student sent to Indonesia in 1951.²⁶ Altogether there may be as many as ten thousand volunteers in the field serving under these programs.

In addition, more than one hundred NGOs based in the high-income countries are supporting volunteers who are involved in every aspect of nation-building and poverty reduction. One of oldest of these is the “Service Civil International (SCI)” that was founded in 1920 in France and began by organizing workcamps for post-war reconstruction. SCI has more than 30 branches and affiliates worldwide and mobilizes more than 5,000 volunteers every year for long-term assignments as well as short term (2-3 week) workcamps.²⁷

Given the number and quality of volunteers under other programs, it is fair to ask what would happen if the Peace Corps program ended. The only honest answer is that the impact on political stability and economic prosperity in developing countries would be too small to measure. Likewise the loss of the intangible benefits to individual volunteers, to people overseas they have worked and lived with, and to our nation at home, cannot be measured, but has a strategic and human value that is too big to ignore.

It may be appropriate to observe in this context that there is no federally funded program available for Americans interested in non-military service in countries that are not safe enough for Peace Corps volunteers. In other words, there appears to be a gap between the military personnel sent to these countries to establish order and the Peace Corps volunteers that can be sent once security has been established. Currently, this gap is being filled by Army and National Guard reserve units trained in civil administration and related fields, and by employees of for-profit companies or NGOs who are being paid by the U.S. and other governments to work in these countries. Because of the heavy demands on our armed forces today, almost 130,000 men and women in these units have

²⁶ Hoffman (1998, p.75).

²⁷ From the web site of the Service Civil International: <http://www.sciint.org> [September 22, 2003]. SCI is supported by UNESCO, which created in 1948 a Coordinating Committee for International Voluntary Service (CCIVS). More information about CCIVS can be found at <http://www.unesco.org/ccivs>.

been called to active duty (out of the total reserve/guard strength of 860,00). Roughly 20,000 of these soldiers are now serving in Iraq and Kuwait. Moreover, the Defense Department recently announced that the anticipated 6-month tours for many of these units would be extended to a full year. Predictably, the announcement prompted protests from the families affected and warnings of large-scale resignations from these units.

This situation underscores the potential value in the future of a federal program that could meet the requirement for skilled manpower in a less disruptive manner. One drawback of relying more heavily on for-profit companies and NGOs is that they have a vested interest in staying in countries where they operate. A cadre of specialists in rapidly establishing civil order and quickly relinquishing authority to a new regime could be a useful instrument to have in the foreign policy toolkit.

Key Issues

Putnam privileges primary interpersonal ties above all other forms of social and political activity, because he believes such interactions uniquely foster trust and cooperation. The more face-to-face group interaction a nation has, the healthier its people and the more efficient its government and economy will be.

--Skocpol in *Diminished Democracy*²⁸

1. *Are the original goals still relevant?*

The three original goals of the Peace Corps are still enshrined in its authorizing legislation: to provide trained manpower, promote better understanding of the American people on the part of people in the countries where volunteers serve, and promote better understanding of these people on the part of Americans. However, the fundamental changes that have swept the world since the founding of the Peace Corps in 1961 have changed the importance of each goal.

The *First Goal* of providing trained manpower has become less important on the surface as virtually all developing countries have established education systems that produce graduates in a broad range of academic fields and technical skills. All have sent students to the United States and other advanced countries who have met the high standards of universities and professional schools in those places and have successfully competed in the global marketplace for jobs requiring knowledge and competence. Indeed a number of important developing countries such as India have difficulty creating enough jobs to meet the supply of graduates from their own universities.

On the other hand, the United States remains the world's leading source of new technologies and new ideas. Hosting Peace Corps volunteers is a cost-effective way for developing countries to have early access to the cutting edge of modern life. English language ability is also highly valued in most developing countries and mastering English is still greatly facilitated by live contact with native speakers. Specific skills are often in short supply in a particular country and the USA has a deep pool of people with the knowledge required and an interest in serving as volunteers in these locations. One example is sending volunteers with business skills to the transition countries in Eastern Europe and the former Soviet Union that were intent on building up their private sectors. Volunteers can also add muscle to global campaigns focused on problems such as HIV/AIDS or environmental degradation. There are even countries where foreign volunteers are more willing to work among poor and illiterate people in isolated rural areas than compatriots who have comparable training.

On balance, the first goal appears to remain valid but has lost some of its urgency in the developing world with the exception of Sub-Saharan Africa.

²⁸ Theda Skocpol, *Diminished Democracy: From Membership to Management in American Civic Life*, University of Oklahoma Press, 2003, p. 8-9.

The *Second Goal* of promoting understanding of the American people among the people in developing countries appears to have the greatest urgency today and for the foreseeable future. Like it or not, the United States today is far better equipped than any other country to use hard instruments of foreign policy to fight global threats such as terrorism. To the extent that people in other countries appreciate what Americans are doing, the task will be easier. This link is especially relevant in developing countries where the majority of the world's population resides and where the biggest threats originate. At the moment, the United States faces considerable skepticism, which makes the task more difficult. Speeches, Voice of America broadcasts, and diplomacy are unlikely to turn the tide. The Peace Corps is the only substantial program primarily designed to foster personal relationships with people in foreign countries.²⁹ Personal relationships have always been the strongest kind of glue

There are, of course, numerous non-governmental programs that send volunteers to developing countries with a view to building personal relationships among other objectives. It is possible that some of these programs are more successful because they are non-governmental, and most are probably less expensive. The question then is whether better results could be achieved at a lower cost to the taxpayer by supporting private volunteer programs or by providing tax or other incentives that would encourage the expansion of these programs. The answer may depend on whether other programs can attract volunteers who are equally well motivated and skilled, can arrange training (especially for language) that prepares their volunteers as well as the Peace Corps does, and can find equally suitable sites and counterparts.

The *Third Goal* of promoting understanding among Americans of people in developing countries may be critical to achieving the Second Goal by strengthening domestic support for multilateral and bilateral activities in developing countries. However, the Peace Corps may not be the best instrument for advancing this goal. In the past, the Peace Corps has worked on the Third Goal primarily by encouraging returned volunteers to be active in their communities. More recently, the Peace Corps has made efforts to strengthen links between volunteers in the field and their home communities, especially with students in primary and secondary schools. Such activities divert some management attention from the basic task of putting volunteers in the field and supporting them well. An alternative does exist. The National Peace Corps Association (NPCA), established in 1981, is a membership organization representing former volunteers and staff members.³⁰ While at the present time the NPCA is thinly supported and financially weak, it has new leadership committed to building membership and undertaking a range of activities related to the Third Goal.

²⁹ Simply put, the most important product of the Peace Corps is probably the cadre of Americans who speak the native languages of dozens of countries, feel at home in their cities and villages, and see the world from their perspective.

³⁰ The original name was National Council of Returned Peace Corps Volunteers (NCPCV). The current name was adopted in 1993. From the web site of the NPCA: www.rpcv.org [October 4, 2003]. A cooperative agreement between the Peace Corps and NPCA was signed at the end of September that recognizes the unique capacity of the NPCA to contribute to the Third Goal.

After 9/11, the Peace Corps's first director, Sargent Shriver, suggested adding a Fourth Goal: "to join with people of all societies in common cause to assure peace and survival for all." Congressman Sam Farr (D-California and returned volunteer) subsequently offered a variation on this theme: "to help promote global acceptance of the principles of international peace and non-violent coexistence among peoples of diverse cultures and systems of government."³¹

The intent in both cases was to articulate a goal that would help to counter the perception that the United States is seeking to extend its dominant position in the world. The essence of the objective is captured in the phrase "diverse cultures and systems of government." This could be a potent tonic that the United States can deliver credibly because we are the quintessential nation of immigrants. As faster communication and transportation links shrink the world, people are becoming more sensitive to the value of diverse human cultures, as they are to the value of biodiversity. The Peace Corps is uniquely positioned to deliver this message in a meaningful and lasting way. Stripping away all of the myths and passionate arguments, the essence of the Peace Corps is the transforming personal experience of working at the grassroots level in a foreign country to improve people's lives.

The goals of the Peace Corps, however expressed, reflect a vision of the world. When it was established in 1961, the vision was bold and clear. Today the same vision appears somewhat old-fashioned and unambitious. A fresh vision could not only invigorate the Peace Corps but measurably improve the ability of the United States to promote global stability and prosperity and thereby enhance our own national security.

2. How important is the institutional independence of the Peace Corps?

One of the hallmarks of the Peace Corps is its hard-won institutional independence. The Peace Corps was created as an independent agency, but was merged with domestic volunteer programs into a new agency (ACTION) in 1971, largely for partisan reasons. It was pulled out of ACTION in 1979 and regained full independence by an act of Congress in 1982.

The Peace Corps' independence has become a sacred cow, passionately defended by most returned volunteers and staff members, but has several dimensions worth exploring. Above all, the image being protected is that of an agency that will not be used to advance the short-term goals of the State Department or whatever administration is in power. This feature has been critical to the success of the Peace Corps in gaining the trust and respect of the countries in which it has operated.

One of the most visible expressions of this independence is the policy of housing the Peace Corps headquarters outside the State Department and of locating Peace Corps country offices outside of embassy complexes. It is further reinforced by the formal prohibition against placing agents from the CIA or any other intelligence agency in the Peace Corps, by the extent to which returned volunteers occupy jobs in the Washington

³¹ From www.peacecorpsonline.org [August 31, 2003]

headquarters, and by the exceptional policy of limiting continuous staff employment to a period of five years.

By all accounts, the Peace Corps remains remarkably independent. While it will not initiate a program in a country over the objections of the State Department and must suspend a program when the State Department determines that an evacuation is necessary for reasons of safety and security, the Peace Corps has a great deal of autonomy in determining in partnership with the government of each host country how many volunteer positions will be created, which functional areas will be given priority, and what kind of training will be provided.

The Peace Corps' independence is limited, however, by the fact that it is a federal agency whose budget is proposed by the President and appropriated by the Congress. Thus the partisan agendas of the President and Congress are inevitably reflected in Peace Corps operations. The most obvious impact is on the size of its budget. Another limitation is the policy of operating strictly under a government-to-government agreement. This requirement sometimes forces the Peace Corps to place volunteers in projects that are sub-optimal from the broader interests of people in a host country. A more controversial limitation at the present time is the process for selecting the agency's head, who is nominated by the President and confirmed by the Senate.³²

Concerns have also been expressed about placing the Peace Corps under the USA Freedom Corps, which was created in 2002 as a single point of entry for Americans interested in volunteering. So far, it does not appear that the USA Freedom Corps has had any impact on the operations of the Peace Corps. Nevertheless, each time a new volunteer "corps" is created the Peace Corps brand loses some of its cachet.

The Peace Corps does not appear to be at risk of losing its independence again in the foreseeable future. The issue instead is whether this preoccupation with independence may be getting in the way of making the Peace Corps more relevant. The Peace Corps' "purity" is easier to preserve in part because of its small size. As long as it remains a tiny operation in terms of the number of volunteers or its budget, the risks of becoming a political football are reduced.³³

The current form of independence also has some downsides. One is the risk of becoming the captive of a small group of former volunteers with their own agenda. Another downside is an opportunity forgone. For example, the Peace Corps Director position is not viewed as a heavyweight job and therefore is not sought after by people of stature

³² Peace Corps supporters have for decades fought for the principle that the Peace Corps Director should be a returned volunteer as a means of mitigating the effect of partisan interests. The current director is not a returned volunteer and a substantial body of former volunteers and staff members fiercely opposed his nomination. (By contrast, the process for selecting country directors appears to be well insulated from partisan pressures.)

³³ Daniel W. Drezner's "Ideas, Bureaucratic Politics, and the Crafting of Foreign Policy" (*American Journal of Political Science*, 44/4, 2000, pp. 733-749) explores the trade-off between surviving and thriving in an independent agency (Peace Corps) and an embedded agency (the Bureau of Human Rights and Humanitarian Affairs in the Department of State).

who by the force of their personality might be able to generate broad domestic and foreign support for scaling up the Peace Corps.

There may be other institutional arrangements that would enhance the Peace Corps' independence without diminishing its effectiveness. For example, the Congress might grant the Peace Corps a charter to operate as a government-sponsored non-profit corporation with a board of directors responsible for selecting the head of the agency. Such a charter might also make it easier for the Peace Corps to generate revenue through activities such as training volunteers for other organizations or expanding partnerships with universities and businesses.³⁴ Another step that might improve efficiency would be to make the Peace Corps less of a government-to-government program and more of a people-to-people program. This would presumably require revising the existing bilateral agreements with host countries to provide greater programming flexibility linked to sponsoring public sector agencies and NGOs in each country

Moves in the direction of greater independence also have risks, however. One is an erosion of funding from the budget. Another is weakening the Peace Corps' appeal as an "elite" form of volunteer service.

3. How is demand for Peace Corps volunteers likely to change and what factors are driving this change?

The Peace Corps is now active in 71 countries. As noted above, the number of volunteers and the number of countries in which they serve are constrained primarily by the amount of funding requested by the President and appropriated by the Congress. The size of the unmet demand is reflected both in the President's proposal to double the number of volunteers to 14,000 by 2007, and by the number of countries—thirty-eight—without volunteers now that have told the Peace Corps they would like to have some.³⁵ Assuming twenty of these countries can meet the safety and security criteria, and that the average size of the new programs is roughly the same as for the existing programs (100 volunteers), this demand represents an additional 2,000 slots. This implies that most of the increase to 14,000 is likely to come from enlarging existing programs.

Demand, of course, also depends on the nature of the product. The current thinking is to stick with the familiar product: selling more cornflakes instead of adding granola. A new vision that stresses the benefits to the host countries might increase demand substantially.

Strategically, the major constraint on the demand side appears to be the absence of programs in some of the largest developing countries, especially India, Indonesia, Russia, Brazil, Mexico, and Nigeria. Except for Mexico, all of these countries had Peace Corps programs in the past. Political factors were the main reason for termination in India, Indonesia, and Russia; the programs were ended in periods when relations with the United States were under strain or worse. The main reason for termination in Brazil was more economic: a sense that it could meet its manpower needs domestically.

³⁵ From the AmeriCorps Annual Report for 2002. See Note 14 above.

Resuming programs in these countries probably requires that a new “product” be created. One element of such a product could be development of cross-border personal networks. The power of personal networks in the wired world is just becoming recognized. To an increasing degree, educated people everywhere are likely to seek information from acquaintances in other countries. As long as the USA remains at the forefront of technological and cultural developments, hosting Peace Corps volunteers will be a cost-efficient way of helping people in the more advanced developing countries to gain access to information not readily available domestically.

Another and related element could be increasing “social capital.” Substantial academic work has been done over the past twenty years to explore the role of social networks in modern societies.³⁶ The Peace Corps from its inception has engaged in activities that tend to create social capital in developing countries. Critically, social capital takes different forms in different contexts; it is not product of the West like Walt Disney movies or pizza. Harnessing the energy and experience of Peace Corps volunteers more systematically to build social capital in communities buffeted by the forces of globalization could be an attractive proposition for many developing countries.

A number of other specific steps could be taken that would elicit more demand. The larger more advanced developing countries might view a package of some of these as a new product:

- *Re-labeling.* A deterrent to initiating a Peace Corps program in China was the Peace Corps label. This hurdle was overcome by creating a new label: “U.S.-China Friendship Volunteers.” In Indonesia, the Peace Corps operated as “Volunteers for Development.” A more positive attitude toward country-specific labels could make a difference. Alternatively new global labels could be attractive, linked to the qualifications of the volunteers to be recruited. Older Americans could serve under a label such as “Experience Corps.” Volunteers with high-tech skills might be part of a “Tech Corps.”
- *New program areas.* Currently volunteers are concentrated in five program areas: education, health/water/sanitation, environment, business development, and agriculture. New crosscutting areas that are expanding include HIV/AIDS, information and communications technology, youth, municipal development, and women in development.³⁷ Additional areas might be developed. One suggestion is disaster prevention and mitigation, prompted by the observation that much of the suffering in developing countries is associated with preventable consequences of natural disasters such as flooding and drought. The economic and human

³⁶ Robert D. Putnam (Editor), *Democracies in Flux: The Evolution of Social Capital in Contemporary Society*, Oxford University Press, 2002, provides an excellent introduction to the subject and reviews the experience of the United States, the United Kingdom, and five other leading developed countries. See also Mark Granovetter, “The Strength of Weak Ties: A Network Theory Revisited” in *Sociological Theory*, Volume 1, 1983, pp. 201-233.

³⁷ From the Peace Corps publication *2002 Project and Training Status Reports: Global Summary and Promising Practices*.

losses associated with these disasters have been large and experience has shown that small programs of prevention and mitigation can reduce these losses substantially. Globally the emphasis has been on disaster relief. Prevention techniques and institutions are in their infancy, which implies a large return on a small investment such as Peace Corps volunteers. HIV/AIDS is a huge and time-critical challenge where a much larger volunteer effort could make a difference. Other basic human needs reflected in the Millennium Development Goals could also benefit from increased volunteer support.³⁸ Quite a few countries have been inspired by the Peace Corps to create domestic and foreign volunteer programs, and the Peace Corps has often contributed to these initiatives. A bigger push in this area could pay dividends. For some of these new areas, it may be appropriate to arrange a period of specialized training in the USA before sending volunteers out for their normal in-country training.

- *Greater host-country ownership.* The current modus operandi is visibly driven by Americans. A number of steps could be taken to increase country ownership of Peace Corps programs. For example, host-country nationals could be appointed as country directors or co-directors. Programming decisions could be made more openly with greater input from native experts. A process of host-country oversight could be developed, perhaps in combination with more host-country cost sharing that could help to make U.S. tax dollars go further.
- *Reverse volunteers.* If the primary mission of the Peace Corps shifts toward an emphasis on increasing mutual understanding through personal relationships, a logical result would be to reexamine the potential for placing volunteers from foreign countries in U.S. communities. This step might be especially attractive for more advanced developing countries such as India, Brazil, and Mexico. An experimental program (Volunteers-to-America) for 2-3 years in the late 1960s brought less than a hundred foreign volunteers to the USA. One obstacle to expanding this program was resistance in the Congress to appropriating funds for this purpose.³⁹ The capacity of some countries to provide funding for volunteers has increased greatly, however, and other ways of minimizing federal funds could be explored. For example, there is a shortage of teachers in our public schools. Thousands of communities in the USA would probably welcome having foreign volunteers in their junior and senior high schools to assist in teaching languages or geography or social studies. There are now plenty of graduates of universities in developing countries who speak English well enough to be effective in such positions. The communities seeking foreign volunteers might furnish housing and transportation and perhaps even a modest living allowance. The home countries

³⁸ The question has been asked whether the Peace Corps could have a bigger development impact if its activities were directly linked to the activities of the U.S. Agency for International Development or the World Bank related to achieving the Millennium Development Goals or some other goals. The weight of opinion seems to be that linking the Peace Corps to these much larger organizations is more likely to reduce the effectiveness of the Peace Corps.

³⁹ Under its current legislation, the Peace Corps does not have the authority to undertake a reverse volunteer program. The necessary authority would have to be given either to the Peace Corps or to some other agency.

of these volunteers might be responsible for transportation costs. The U.S. government might cover major medical costs. The NPCA could serve as a clearinghouse for interested communities and foreign volunteers.⁴⁰

- *Multilateral volunteers.* In some countries, American volunteers may be more effective (and safer) serving under a multilateral flag than under the U.S. flag. There is a small U.N. Volunteers program that relies on the Peace Corps for recruiting volunteers from the USA. While the U.N. Volunteers program may fill slots in proportion to the financial contributions that countries make, it is possible that a major expansion could be implemented without a big hit on the U.S. budget. One way to do this might be to arrange grant financing from the World Bank or the regional development banks. Another way would be to look for program funds in other U.N. agencies such as UNDP, UNESCO and WHO.⁴¹
- 4. *How is the supply of volunteers likely to change and what factors will drive this change?***

From its earliest days, Peace Corps service has appealed primarily to college graduates and recruitment efforts have been focused on this segment of the population. Attempts have been made from time to time to draw in other segments, such as minorities and older Americans.⁴² Recently, the Peace Corps has focused more of its recruiting resources on graduates of 2-year community colleges. These graduates tend to be more diverse and somewhat older, and have more work experience. Now the Peace Corps is also required by the Americans With Disabilities Act to find suitable sites for volunteers with disabilities.⁴³

Probably the most important demographic change in the Peace Corps since 1961 is the growing proportion of women volunteers, which now stands at 61 percent (slightly more than the share of students receiving 4-year bachelor degrees who are female). However, a significant shift in the application rate was seen in the last year when the female share of applicants fell to 56 percent, so the trend is not clear. A preponderance of women volunteers is consistent with empirical studies suggesting that rising standards of living in developing countries are closely associated with changing attitudes and behavior among women.

⁴⁰ A private program, Visiting International Faculty, founded in 1989, currently has 1800 teachers from 40 countries teaching in community schools in nine states. These teachers are paid competitive salaries by the school systems in which they teach.

⁴¹ A new vision at this level could also transform an invisible program into a global phenomenon. A multilateral program with a catchy label such as INTERNAT could conceivably put more than 100,000 long-term volunteers in developed and developing countries. These volunteers might even carry U.N. passports.

⁴² The share of minority volunteers rose from 8 percent in 1989 to 20 percent in 2003.

⁴³ This requirement may be a flaw in the legislation. For example, the problems encountered by volunteers dependent upon wheelchairs can be overwhelming because there are no developing countries that provide physical access for handicapped persons approaching American standards, especially in non-urban locations where volunteers normally serve.

While Peace Corps management seems to believe that the current level of demand is consistent with the objective of filling 14,000 slots by 2007, some knowledgeable observers believe that levels above 10,000 will not be feasible without lowering standards, especially if employment opportunities for college graduates improve. Already some difficulties have been encountered in finding volunteers with skills in specific areas such as information and communications technology.

At the present time, four out of every eleven applicants enter training. In round numbers for the period from August 2002 through July 2003, the winnowing process had the following profile:

- 11,000 Applications, of which
- 8,500 Interviewed by recruiters after checking references and screening for skills and suitability, of which
- 7,000 Nominated by recruiters to be invited to for training, of which
- 5,500 Invited by headquarters to train for a specific country program after qualifying medically
- 4,000 Accepted invitation and commenced training

Perhaps the hardest question to answer is how the quality of Peace Corps volunteers has changed over the past forty years. The prevailing view among Peace Corps managers and NPCA leaders is that the overall quality has not changed and remains high. This view is borne out by anecdotal evidence, but there do not appear to be any empirical studies to support it. At the same time it is not easy to imagine how such a study would be structured. There is also anecdotal evidence that 10-20 percent of the volunteers are not taking their assignments seriously and are “goofing off” in various ways. This is probably close to the percentage of goof-offs across the four decades of the Peace Corps’ existence.⁴⁴

In one respect, the supply has improved measurably. There are now so many applicants with Spanish language ability that the Peace Corps no longer nominates applicants for service in Spanish-speaking countries who would have to be taught beginning Spanish.

One of the main factors that appear to affect the supply of volunteers is the unemployment rate in the U.S. economy. When jobs are hard to find for college graduates, the application flow tends to increase. Supply can also change quickly in response to geopolitical events. For example, applications soared in the aftermath of the terrorist attacks on New York and Washington in September 2001. Another example is the keen interest in serving in the transition countries of Eastern Europe and the former Soviet Union when programs were established in this region (and other regions) in the early 1990s.

⁴⁴ Peace Corps volunteers take with them some of the culture of “sex, drugs, and rock-and-roll” that exists in junior high and high schools across America and is further embellished on college campuses. For some young Americans, living overseas is a way of gaining additional freedom to experiment with these and other pleasures. Good training programs and sensitive supervision can help to contain excesses but it is unrealistic to expect the Peace Corps to eliminate them.

It is less clear how sensitive the supply of volunteers is to the amount of the readjustment allowance that accumulates at the rate of \$225 per month, yielding a lump-sum payment of \$5,400 for volunteers who have completed a full two years of service.⁴⁵ This amount is less than 60 percent of what AmeriCorps members receive, although Peace Corps volunteers are not limited to using these allowances to pay for current educational expenses or to pay down outstanding education loans. It is not clear why the Peace Corps amount should be any less. If the amounts were made the same, or Peace Corps volunteers were able to accumulate the difference in an account that could also be used for educational expenses or loan repayments, the impact on applications could well be significant, thereby making it possible for the Peace Corps to be more selective in its recruitment.⁴⁶ A national interest case could also be made for raising the adjustment allowance even further. Another possible step would be to offer recruitment bonuses to volunteers with scarce skills.

Two other steps could have a major impact on the supply of highly qualified volunteers:

- *The baby boom generation.* Baby boomers are reaching retirement age now. They are at a point in their lives when the downsides of working overseas may be especially small. Without a doubt many are at their peak in terms of technical skills, civic understanding, and sometimes energy. They are not flocking into the Peace Corps for several reasons. Perhaps the dominant one is that they perceive the Peace Corps to be an option for young people. Experience has shown that married couple in their fifties or sixties can be exceptionally effective, in part because of the respect accorded to older people in many cultures, and in part because they tend to be more settled and less inclined to goof off. On the other hand, it is demonstrably harder for older people to learn a new language and the two-year commitment can be a big hurdle. To tap into this rich pool of talent effectively may require a separate staff support structure and a different formula. For example, older people are more likely to respond positively to off-campus recruiters their own age than to the typical young college-based recruiter.⁴⁷ In the field, an older staff person backstopping older volunteers could help to ensure that the problems most common among these volunteers get sufficient attention and also help them feel that they are in the main stream not oddballs.⁴⁸ Older volunteers may be less concerned about the amount of their readjustment

⁴⁵ This amount has not been adjusted since the beginning of 1999. The Peace Corps Director has the authority to raise the allowance, but tends to wait until there is clear Congressional support for an increase. It would seem more equitable to adjust the amount each year by the increase approved by Congress for civil service compensation.

⁴⁶ On the other hand, two years of Peace Corps service may enhance employability to roughly the same degree as a year or two in graduate school, which suggests that college graduates should be willing to pay for the chance to serve in the Peace Corps.

⁴⁷ The Experience Corps, created in 1995 to implement a proposal by the head of Common Cause, John Gardner, has more than 1,000 volunteers over the age of 55 working mostly at schools in 13 cities. (From the web site: www.experiencecorps.org.) The Peace Corps might collaborate with Experience Corps to recruit older Americans for service overseas.

⁴⁸ By many accounts young volunteers benefit from having older volunteers as in-country peers, which argues against too much separation between older and younger volunteers.

allowance, but having a one-year or 15-month option could make the Peace Corps much more attractive to them. A variation on this would be intermittent service that would allow older volunteers to go home for six months or a year and then come back to the same site or country without reapplying or repeating in-country training.⁴⁹

- *Customized placement.* The current policy of the Peace Corps is to discourage applicants from applying for assignment to a specific country, but applicants are asked to indicate a regional preference as well as a functional area of interest. When applicants are invited to training for a specific project in a specific country, they generally do not have the option of asking to be considered for a different country or project instead, unless they have a bona fide reason such as a broken leg or an ill parent. As a consequence, an applicant with exceptional skills in an area that does not fit the immediate demand may never get invited to train, or may only have the choice of accepting or turning down an invitation that he or she regards as a mismatch. Customizing products and services a basic trends in today's world, reflecting the power of the information and communications revolution. Adapting the recruitment process to this trend could have a measurable impact on supply.⁵⁰ Such a step would also capitalize on the greater exposure that Americans have to foreign countries as the cost of travel falls and facilities for foreign visitors are established in locations that are more and more remote. Applicants could be encouraged to request assignment in a specific country for work in a specific area. This would almost certainly require staffing country offices with placement specialists, but these would presumably be local hires and therefore relatively inexpensive. Some adjustments to training may also be required, but the Peace Corps has already moved far from the original practice of functionally specialized training programs. Customized placement may be of particular interest to the more advanced developing countries such as Brazil and India.

5. *Are there improvements in support policies that could yield more bang for the buck?*

By some standards, the Peace Corps is an expensive operation. Dividing the \$359 million budget request for 2004 by the target of having 10,000 volunteers in the field at the end of next year yields a cost per volunteer of \$36,000 per volunteer. That is

⁴⁹ Term flexibility is one of the main features of the Volunteers for Prosperity Initiative launched on September 25 by President Bush as part of the USA Freedom Corps.

⁵⁰ Another step that could make a difference would be to shorten the time between application and invitation from months to days. By contrast, the Army is able to enlist an applicant within a week (per Army chat line, October 4, 2003). There may also be scope for substantially expanding the Masters International Program that combines Peace Corps service with a graduate degree, perhaps by offering the option of one year of service instead of two. At the limit, it is possible to imagine a process where the Peace Corps serves as a clearing house, matching requests for volunteers from sponsoring organizations in host countries with applicants who wish to fill these positions. Peace Corps staff would then concentrate on the functions of setting standards for sites and applicants, training new volunteers, monitoring performance, and solving problems that arise.

much less than it costs to maintain the average member of the Foreign Service or an AID employee at an overseas post. However, there are programs in the private sector that put volunteers in developing countries at a cost of \$5-6,000 per year.⁵¹ This points to the possibility of fielding more volunteers at a lower cost through techniques such as relying more on NGOs to recruit volunteers and find suitable sites.

On the other hand, knowledgeable observers consistently cite good programming as the key to volunteer effectiveness. Programming consists of selecting a specific area of activity (project) such as teaching English at the university level, finding suitable sites for volunteers engaged in this activity, training candidates so that they get off to a quick start, and providing the necessary support to overcome problems that inevitably arise. These are all core responsibilities of the country offices, which underscores in bold the importance of having strong teams in these offices. A small sample of recently returned volunteers suggests that most country offices are doing a good job, but even highly satisfied volunteers cite episodes of weak support. One implication is that economies in this area may be penny-wise and pound-foolish. Another implication is that the performance of country offices should be monitored with particular care.⁵²

This discussion recalls the issue of how the quality of volunteers has changed over the past forty years. The same problem of finding an appropriate standard exists for evaluating country offices and country programs. The principal tool at the present time is the preparation of an annual report on the status of projects and training (the “Global Summary”). Every November, country offices submit evaluations of their projects, training activities, and achievements in implementing agency initiatives. These evaluations are reviewed by the Center for Field Assistance and Field Research at Peace Corps headquarters in Washington, which provides feedback to each country office and produces the Global Summary.⁵³ The Global Summary identifies general trends and is a rich source of anecdotes about achievements in the field. It is not useful, however, as a measure of how much bang for the buck the Peace Corps is delivering from one year to the next. The Peace Corps is now facing renewed pressure to improve its capacity to measure results, both from the Congress and from the Administration that has committed itself to achieving measurable results in other areas, such as the new Millennium Challenge Account.⁵⁴ It is not clear how the Peace Corps will respond to this pressure,

⁵¹ An example is WorldTeach, founded by a group of Harvard students in 1986, that has placed around 2,700 volunteer teachers in more than a dozen countries over the past 15 years. In this program, however, the volunteers pay (like tuition) for the opportunity to serve abroad, which makes it unaffordable for many students.

⁵² Greater flexibility in the policy against continuous staff employment for more than 5 years could help to ensure that country offices continue to meet a high standard of performance. On the other hand, country offices are one of the most expensive components of Peace Corps operations. Staffing country offices with more host country nationals could reduce costs substantially as well as enhancing country ownership. One recently returned volunteer has argued that more could be accomplished by volunteers if in-country staff had higher expectations and worked more closely with volunteers to achieve them.

⁵³ A survey that collects the assessments of volunteers in the field about their experience is conducted every two years but the results are for internal use only.

⁵⁴ The MCA was proposed by President Bush at the U.N.’s Financing for Development conference in Monterrey, Mexico, in March 2002. It would allocate an additional \$5 billion in aid to developing countries linked to progress in meeting specific targets in areas such as primary school enrollment.

but one possibility would be to beef up its “strategic planning” function. A more proactive stance could help the Peace Corps fend off future attempts by the Congress or the Administration to micromanage the Peace Corps.

A perennial concern in the area of support is attrition. The current rate of attrition over the 27-month period from after a nominee has accepted an invitation to training to completion of service is on the order of 28-30 percent, and attrition appears to have been roughly at this level since the late 1960s. (The annual attrition rate for the latest year was 10.8 percent.) A substantial share of the attrition is associated with suspensions of programs due to unanticipated events such as the recent SARS epidemic in China or the outbreak of civil disorder in Cote d’Ivoire. Other major causes are health problems, family pressures, and discontent with working conditions at a particular site. While the 28-30 percent rate seems high, it may not be realistic (or cost-effective) to attempt to reduce it. The negative impact of keeping a discontented volunteer in the field is probably greater than the negative impact of sending him or her home.

Among the tough policy choices in the area of support are transportation and communications. In the early years, Peace Corps volunteers relied primarily on bicycles for transportation. For a while, in locations where motorcycles became a normal means of transportation for their counterparts, volunteers were allowed to have motorcycles too. Serious accidents became so frequent, however, that the Peace Corps had to ban the use of motorcycles by volunteers. This global policy severely limits the effectiveness of volunteers in some locations, but there are strong arguments against obvious alternatives such as the use of motor scooters or indigenous pickup trucks.

The communications choice revolves around telephones and computers. The tradition has been for most volunteers to work without either. The current policy is to follow local customs. If a volunteer is living and working among people who have computers and cell phones then she/he would be free to have them. If having a computer or cell phone would make a volunteer conspicuous, then she/he would be discouraged from having them. The assessment of appropriateness is made by volunteers, not by the country office or a higher authority. In some circumstances, the living allowance includes an amount to cover the cost of telephone access. The use of cell phones has been increasing because of the rapid spread of cell phone networks in developing countries and because of safety and security concerns. Computer use has been less controversial, in part because most volunteers appear to have access to a cyber café on a weekly basis.

Two components of volunteer support—training and medical care—receive almost universal acclaim and therefore should probably not be tinkered with at this time. See Box Three.

Box Three: The Best of the Peace Corps

The approach to training today is completely different from the approach taken in the early years of the Peace Corps. Then, country-specific functional groups (agriculture, small industry, health) spent three months on university campuses in the USA where prospective volunteers learned the host-country's language, studied the country's history and culture, and developed skills related to their functional specialty. Batteries of psychological tests were administered and trainees deemed to be vulnerable were pressed to "self-select" themselves out of the Peace Corps.

Today, prospective volunteers spend two days in the USA for general orientation and then fly to their host countries for three months of training in groups that often mix functional specialties. Trainees are dispersed for much of this period in groups of 3-5 in towns near their eventual sites. They often stay during training with host families, and make periodic visits to their sites to meet the people they will be working with and identify major obstacles and opportunities. Most recently returned volunteers give very high marks to their training programs.

One of the constants over the past 40 years has been outstanding medical care. The Peace Corps has always given this aspect of support a super high priority and complaints about inadequate medical treatment are rare. Volunteers are quickly transported to the country capital when problems arise, and are medevacuated to the USA or a regional facility with outstanding capabilities without hesitation.

6. *All things considered, what is an appropriate target for expanding the Peace Corps and how rapidly should it move toward this target?*

Another way of expressing the same issue is to ask whether the recently announced target of 14,000 volunteers by 2007 is the right number and the right timeframe. There is, naturally, no simple answer.

Recalling the importance of programming, one answer is that the Peace Corps will be more effective if it grows from the bottom up rather than the top down. This means recruiting to fill good slots requested by host countries and prepared by country offices rather than the current approach of dividing up an arbitrary target among country offices and directing them to create slots to fill their quotas.

A second answer is that the Peace Corps now is a drop in the bucket in a world that could use at least a spoonful of the best of America. A new vision could yield a quantum increase in demand, especially from more advanced developing countries, and call forth a greater supply of volunteers at the same time.

A third answer is to contribute to government-wide efforts to reduce spending and to look for ways of achieving the same results with a smaller budget. These might include partnering with NGOs that can put volunteers in the field at a lower cost and relying more on local staff.

7. *Can the Peace Corps be used to put volunteers into failed states or post-conflict countries where safety and security cannot be assured?*

Mission creep is a common source of inefficiency in the public sector. At the same time, there is a natural resistance to creating new agencies or programs. The current difficulties being experienced in establishing civil order in Afghanistan and Iraq suggest the possibility that the U.S. government does not have a full set of nation-building tools. The evidence is not yet compelling, however.

If it becomes clearer that the current combination of military units, profit-making contractors, and NGOs is not getting the job done, consideration might be given to creating a corps of civilian volunteers who are federal employees to the same extent as Peace Corps volunteers but are prepared to “get in harm’s way.” A “Green Force” of this kind would presumably require a different compensation structure and would draw from a shallower but more experienced pool of candidates, including returned Peace Corps volunteers. The Peace Corps might be given responsibility for managing a program of this kind, but the differences in mission and the conditions of service are probably sufficient to justify for creating a separate program or agency for this purpose.

Conclusion

The Peace Corps is one of the smallest agencies in the U.S. Government and at the same time has one of the strongest constituencies. The solid bipartisan support for the Peace Corps that exists today reflects both its modest mission and the transforming experience it has been for the volunteers who have served under its banner. The impact of the Peace Corps on economic growth in the developing countries where volunteers have served over the past 40 years is too small to measure, but it has certainly not been negative. In terms of conveying a favorable impression of Americans in the hearts and minds of the citizens of these countries, the Peace Corps appears to have achieved substantial success at a tiny cost compared to the billions of foreign aid dollars channeled every year through the Agency for International Development, the World Bank, and other foreign aid programs. This is not to say that the larger programs are unnecessary. The point rather is that the Peace Corps is a strategically valuable grassroots complement to these macro-level activities.

Arguably the biggest impact of the Peace Corps has been to bring the world home to America, to communities throughout the United States that would otherwise have little exposure to and understanding of how the rest of the world lives. Again this impact is too small to measure but it surely goes in a beneficial direction at a relatively small cost. The challenges of being a nation of 300 million people in a world of 6 billion people are not going to get any easier in the decades to come. It is hugely in our national interest to have many more friends in foreign lands, and for the people in those lands to think of America as a force for good instead of an overbearing and faceless force.

The Peace Corps is a gem, but a small one in a big world. The central policy issue today is whether to preserve this gem as it is or to create a new one with a mission that would appeal to a broader group of developing countries and attract a larger number of qualified volunteers. The current plan to double the number of Peace Corps volunteers to 14,000 by 2007 does not appear particularly ambitious, but expansion driven from the bottom up rather than the current top down approach is more likely to preserve the luster of the Peace Corps. Putting a substantially larger number of American volunteers in developing countries for meaningful work appears feasible, but probably requires a new vision and a new organization. Tapping the rapidly growing pool of retirees in the baby boom generation could be particularly rewarding. While some tentative steps in this direction have been taken, many more possibilities remain.

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