

Senate Committee on Foreign Relations
Chairman Richard G. Lugar
Opening Statement for Hearing with
Secretary Rice on the Foreign Affairs Budget
February 15, 2006

Today the Foreign Relations Committee welcomes Secretary of State Condoleezza Rice. We greet her as the President's spokesperson on world affairs and the chief architect of U.S. foreign policy. We have many questions for her pertaining to a wide variety of foreign policy issues, including the Bush Administration's plans for making further progress in Iraq and Afghanistan; the status of negotiations pertaining to Iran, North Korea, and the Arab-Israeli peace process; and her assessment of the State Department's budget.

This is the first international affairs budget that has been developed under Secretary Rice's guiding hand. This budget should be seen as the civilian counterpart to our military budget. The missions and objectives funded by the international affairs budget must be strengthened if we are to secure America's future. Secretary Rice's call for "transformational diplomacy" is evidence that she agrees. This budget includes a welcome increase, but recent history suggests that the full request may not survive the congressional budget process without vigorous and ongoing dialogue between the Executive and Congressional branches.

Last year, Congress slashed the President's international affairs request by \$2.1 billion – or about 6 percent. The year before that, Congress cut the request by a comparable amount. Thus, for two consecutive years, Congress has refused to give the President what he says he needs to address global challenges through non-military means. Much criticism of administration policy in the war on terrorism is leveled on the Senate floor and in various congressional committees, but the Congress itself is limiting the number of people and programs that could be activated to address terrorism, weapons proliferation, energy dependence, avian flu, religious extremism, and innumerable other threats. None of these national security challenges can be overcome purely through unilateral policy choices or through military action. We are dependent on other nations to help us respond to these threats so that individual Americans can enjoy the security they need to get an education, build a career, raise families, save a nest egg, and live fulfilling lives. We cannot fully succeed in this fundamental mission, unless the programs and people funded by this budget succeed.

The Bush Administration deserves praise for its International Affairs budget submissions. President Bush and Secretary Powell reversed the downward spiral in U.S. foreign policy capabilities that was imposed during the 1990s. In that decade, both Congress and the Executive Branch rushed to cash in on the peace dividend. The Defense Budget was cut substantially, but in percentage terms, the much smaller foreign affairs budget suffered even more. During the six-year period from 1992 to 1998, the 150 Account was cut every single year. As a percentage of GDP, this six-year slide represented a 38 percent decrease in foreign affairs programs.

In the post-Cold War days, cutting the 150 Account seemed logical to many. But by the time we confronted the tragedy of September 11, 2001, many of our foreign policy capabilities were in disrepair. In 2001 the share of the U.S. budget devoted to the international affairs account was barely above its post-World War II low and only about half of its share in the mid-1980s. Embassy security upgrades were behind schedule, we lacked adequate numbers of diplomats with key language skills, many important overseas posts were filled by junior Foreign Service Officers, we possessed little civilian post-conflict stabilization and reconstruction capacity, and our public diplomacy was dismal. Our diplomatic capabilities have made progress under President Bush, but much work is left to be done.

Given Congress's actions during the last two years, one might begin this hearing by asking an obvious question: namely, what \$2 billion in this budget submission does the administration prefer to be cut? But I believe that Secretary Rice genuinely wants to devote every dollar of the request to aggressively safeguarding America's future. So instead, I would like Secretary Rice to explain in her remarks what the President and his administration will do to guarantee that Congress preserves this request and approves the supplemental funding for the 150 Account that we hear will be requested soon.

What will the Commander in Chief do -- in an era that members of his administration are describing as the "long war" -- to ensure that he has the civilian tools to fight that war? What will he do to ensure that we have sufficient funding to build secure embassies for American workers and travelers, to deny terrorists any hope of official documentation to enter this country, to work with foreign partners to track down terrorists overseas, and to secure dangerous weapons wherever they are found?

I would cite one episode to illustrate the difficult atmosphere in Congress with respect to the international affairs budget. During last year's budget resolution, an amendment was offered in the early stages of consideration to shift \$410 million from the 150 Account to another priority. The amendment passed virtually without dissent, 96 to 4. The four Senators who voted against the cut to the 150 Account were members of this Committee.

This lopsided defeat occurred despite the fact that 44 Senators had signed a letter to President Bush shortly before strongly urging "a robust increase" in the International Affairs budget. Even the Senators who had organized the letter voted against the 150 Account in this first challenge to it. I do not question the judgment of the 96 Senators who voted for the amendment. The account to which the money was transferred was a compelling priority. But we must recognize that the budget is full of compelling priorities, and historically, foreign affairs spending has been a prime target for offsetting increases elsewhere.

Even today, when we are in the midst of a global struggle of information and ideas, when anti-Western riots can be set off by the publication of a cartoon; when we are in the midst of a crisis in Iran that will decide whether the non-proliferation regime of the last half century will be abandoned; when we are soon to enter our fourth year of attempting to stabilize Iraq; and when years of effort to move the Arab-Israeli peace process are at risk -- even then, the reservoir of support for international spending in Congress is shallow. Members of Congress may recognize the value of the work done by the State Department and some selected programs may be popular, but the 150 Account seldom will be defended against competing priorities.

Again, this year, 45 Senators have signed a letter to the President asking for increases in the 150 Account. But Congress, left to its own devices, is unlikely to give the President what he has requested. The only way to achieve full funding of the request is for the President, the Secretary of State, and other top officials to emphasize unequivocally and repeatedly over the course of months that this is the amount that we need to keep the country safe and to meet our obligations. They must draw indisputable connections between this funding and American national security.

To make a comparison, I recently interacted with the Department of Defense on a program that they wanted to initiate. I received notes, telephone calls and visits from members of the Joint Chiefs, a combatant commander and top civilian leadership at the Pentagon. With this kind of legislative mobilization and willingness to explain their requests, the Defense Department tends to succeed in debates on spending and programmatic changes. We need a State Department with similar determination, backed up by Presidential support.

This Committee will soon hold a hearing to examine policy options with respect to Iran. That nation's intransigence in the face of growing international opposition points to a diplomatic showdown. We should not

underestimate the impact of an Iranian government possessing nuclear weapons. Beyond our concerns about what a hostile government might do with such weapons, the development of an Iranian nuclear capability could destabilize the Middle East and undercut the efficacy of the Nuclear Non-Proliferation Treaty. The Administration has sought a diplomatic solution to the problem working through allies and the United Nations Security Council.

At the U.N. Security Council last week, I told that body: “If Iran does not comply with U.N. Resolutions and arms agreements, the Security Council must apply strict and enforceable sanctions. Failure to do so will severely damage the credibility of a painstaking diplomatic approach and call into question the world’s commitment to controlling the spread of nuclear weapons.” I am particularly interested in hearing from the Secretary if the Administration has a set of sanctions in mind that it believes would alter Iranian behavior. I believe that we must think two or three steps beyond the question of whether we can obtain an original positive vote in the Security Council.

Similarly, we are interested in your views on Iraq. Last week, this Committee held a hearing on the efforts to stabilize and reconstruct Iraq, which revealed some progress, but also some troubling deficiencies. The State Department is now the lead Executive Branch agency in charge of stabilization and reconstruction in Iraq. As the administration asks for additional funding for Iraq reconstruction, we must continue to make certain that funds are being spent efficiently and according to a clear set of priorities.

We are also eager to listen to your views on the Arab-Israeli peace process in the wake of the election of Hamas. We applaud the personal efforts you have made to preserve and advance the peace process.

I want to commend your work to develop a more efficient and coordinated U.S. government foreign assistance strategy. Your decision to name Randy Tobias as the USAID Administrator and your advisor on developing a new, comprehensive approach to foreign assistance is welcome, and we are looking forward to his confirmation hearing.

Another area where your leadership is particularly appreciated is your support for the State Department’s Office of Reconstruction and Stabilization and your decision to dedicate 15 of the 100 newly requested State Department positions to that Office. As you know, Senator Biden and I initiated conversations back in 2003 about this gap in the Department’s capability. It was clear to us that the State Department and USAID needed to develop an ability to mobilize quickly in post-conflict situations. I hope that you will create the active duty component of the response corps that we envisioned in our legislation. We should work together to make certain that both the \$75 million conflict response fund and a robust operations budget is funded for this purpose.

Madame Secretary, it is a pleasure to have you with us today. We look forward to your insights on these matters and to the chance to engage you in a dialogue on the Administration’s global strategic vision.

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