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DEPARTMENT OF STATE FISCAL YEAR 2002 BUDGET PRIORITIES

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MARCH 15, 2001

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DEPARTMENT OF STATE FISCAL YEAR 2002 BUDGET PRIORITIES

WEDNESDAY, MARCH 15, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to call, at 9:30 a.m. in room 210, Cannon House Office Building, Hon. Jim Nussle (chairman of the committee) presiding.

Members present: Representatives Nussle, Sununu, Hoekstra, Bass, Gutknecht, Thornberry, Ryun, Collins, Fletcher, Miller, Watkins, Hastings, Portman, LaHood, Granger, Schrock, Culberson, Brown, Crenshaw, Putnam, Kirk, Spratt, McDermott, Bentsen, Price, Kleczka, Clement, Moran, Hooley, Holt, McCarthy, Moore, Honda, and Matheson.

Chairman NUSSLE. Good morning. This is a full committee hearing on the Department of State budget priorities for fiscal year 2002, as we continue to explore the President's budget requests for fiscal year 2002.

Today we have a number of very distinguished witnesses to come before the committee. Leading off today, we have the distinct honor and privilege of having the Secretary of State before the Budget Committee.

This is historic for us, Mr. Secretary. We have not had a Secretary of State come before the committee before. Part of the reason, as I discussed with you briefly prior to the hearing, that I think it is so important for us to have you before the committee is the changing nature of the Department of State over the last number of years, the changing nature of our foreign policy and the new ideas, the new blueprint that you bring to our foreign policy as the new Secretary of State.

I remember listening with quite a bit of interest in some of your early statements with regard to the new tenor that you are bringing to the Department, and one of the things that caught my attention was your belief that what we do at the Department of State is akin to an insurance policy. If there is anyone who can speak boldly with regard to the need for that insurance policy, it is someone who has sat on both sides of the fence, someone who has had to deal with our country in a situation where maybe that insurance policy didn't work as well as it could have with regard to diplomacy, with regard to intelligence, with regard to making sure that the world was safe and involving our country in conflict, and now to stand on the other side, the opposite side, and to work for that insurance policy so that we never have to put our young men and

women in the kind of harm's way that you have had to lead us so effectively in years past.

So we are very interested in what you have to say today, how that affects the budget, the kinds of priorities that not only you and President Bush but we can be a full partner in, as we look toward the future.

So we are very anxious to hear your testimony. I will yield to my friend and colleague, John Spratt from South Carolina, for any comments he has.

Mr. SPRATT. Thank you, Mr. Chairman. I join you in extending a warm welcome to General Powell.

General Powell, when General Marshall was awarded an honorary degree by Harvard after unveiling the Marshall Plan, the citation said that his service as a soldier and statesman was "brooked but one example in the history of our country." In my opinion, you are setting another such example.

Secretary POWELL. Thank you, sir.

Mr. SPRATT. The President is fortunate to have you in his Cabinet, and the country is fortunate to have you serve us once again.

You will find that usually in Congress before we heap criticism, we lay on the praise. I want to be a constructive, useful critic for just a minute about Function 150, not the most popular account in the budget but nevertheless one that is very important and one that has taken its hits, more than its share of hits, over the last several years.

Mr. Secretary, the Budget for International Affairs, Function 150 in our parlance, has been singled out as one part of the budget that the Bush administration has plussed up, but so was education. And when we looked closely we found less there than we expected.

Frankly, we had the same reaction when we looked into funding for the request for international affairs, and let me explain to you our concerns with Function 150.

Function 150 appropriations are $22.6 billion this year, 2001. In the President's request for next year, 2002, it is $23.9 billion. That is an increase of $1.3 billion, just over 5 percent. Actually, that is a slight overstatement because you have to increase funding just to keep abreast of inflation, the cost of living adjustments to your salaries. And according to CBO, you need $565 million just to run in place, to maintain Function 150 in 2002 at the level of 2001.

So when you back out inflation, the increase in your budget, the real increase in your budget, comes to about $700 million.

Now, that is not trivial, but the blueprint of the budget, which is the only thing we have, indicates that the full budget when it comes will include funding for Plan Colombia, to maintain and expand Plan Colombia to something Andeanwide. I understand, from listening to your testimony on the radio going home last night, that is about $400 million additional dollars.

To the extent that this overall increase, this $700 million real increase, is used for initiatives like Plan Colombia, then the other elements of Function 150 cannot be increased. And when you combine these two factors, inflation and Plan Colombia, the increase in your budget is only about $300 million, or 1.3 percent.

Now, Function 150 is just 1 percent of the budget, something that we continually remind people of as we appropriate the money.

I wouldn't really bother to make the point except that it seems to be consistent with the pattern that we have seen elsewhere in this budget and it raises concern. In education, for example, there was an increase of 11.4 percent claimed. It turned out to be about half of that. So there are certain accounts in this budget that seem to carry the aura or perception of a robust increase that just doesn't bear up under scrutiny.

When you put the details together, we are finding that this budget tends to plus up certain high visibility areas but it comes at the expense of other items in the budget, in your case, Ex-Im Bank, for example. I really doubt that the Congress is going to make those cuts when it comes time to make them. That is our concern about this budget. Function 150 is tight, it has been tight in the past. And it is not only tight for 2002 but as you look beyond 2002, the outyears seem to be even more inadequate. There is not even a nominal increase in 2003 if I read the budget correctly. There is a cut of $100 million.

Now, for historical context, just to show you where we have been in the recent past, we have this chart here. This chart shows that over the last 25 years, between 1977 and 2001, Function 150 averaged somewhere between $25 billion and $26 billion in real 2002 dollars.

The recent past has not been nearly that high, but nevertheless, over the last 25 years that has been the level where we are. And we are a long way from getting back to that level of real commitment in this particular account.

You testified last week, I believe, before the International Relations Committee that this budget was just a down payment and that, in your words, you would be fighting for further increases, and I take it you acknowledge yourself then that the outyears simply aren't sufficient.

My concern is the whole budget. If there are other accounts like this that aren't sufficient, your best bet, if you want to plus up this one, is to fight this year because decisions will be made in this year that may foreclose the option of fighting for more in the outyears. The present budget assumes that we can rein in spending, mainly nondefense spending, and offset a large tax cut.

When you read through the budget, we don't have all the details yet, looking for where those cuts are coming, you finally come to page 186 and there is a footnote, 188, which says, quote, "the final distribution of offsets has yet to be determined." but when that determination is made, let me tell you from somebody who comes from a small town in South Carolina, where foreign affairs doesn't rank high on anybody's priority list, when we are given the choice of voting for domestic spending or foreign spending, you know how that choice will be resolved.

So, that is our concern about this particular budget. There are going to be other witnesses here today, Lee Hamilton, Warren Rudman. I have said that Function 150 doesn't look adequate to me in this particular budget. Frank Carlucci, a former colleague of yours and close friend, said dramatically "the dilapidated state of America's foreign policy apparatus is a national security crisis that warrants the President's personal attention."

Lee Hamilton, who is on deck to testify just after you, was a member of that task force with Carlucci. Warren Rudman is here. He is on deck to testify. The Rudman task force concluded, and I am quoting, "the United States will be unable to conduct foreign policy in all its dimensions without the commitment of new resources." .

I may be wrong, but I don't think this budget is what they had in mind in making those dramatic statements.

If I didn't respect you so much, I wouldn't have been so tough on you and blunt about it, but it also gives you an opportunity to defend this budget and to say what you expect for the future. Thank you for coming here.

Secretary POWELL. Thank you.

Mr. SPRATT. Thank you for your testimony. Thank you for your service to our country.

Chairman NUSSLE. Mr. Secretary, your entire statement will be made a part of the record; and you may proceed as you wish. We are honored to have you here, and we are honored to receive your testimony.

STATEMENT OF COLIN L. POWELL, SECRETARY OF STATE

Secretary POWELL. Thank you very much, Mr. Chairman. It is a great pleasure to appear for the first time as Secretary of State before this committee, and I am honored that apparently I am one of the first Secretaries of State to ever appear before this committee. But I can assure you it is not an unfamiliar scene to me having appeared here as Chairman of the Joint Chiefs of Staff. And I couldn't help but note, as I looked to my right and left, I see my old friends Bill Gray and Leon Panetta, with whom I had such interesting debates as we fought for the necessary increases for the Defense budget over the years that I was Chairman of the Joint Chiefs of Staff.

I want to say to you this morning, Mr. Chairman and Mr. Spratt, members of the committee, that I will bring that same fighting spirit up before this committee and all the other committees of Congress as I do what I think is necessary to support the President's budget, which I think begins the process of turning around the dilapidated state, as it has been called, of the State Department.

Let me tell you one thing about the State Department. There may be elements of dilapidation, if I can coin such a word, within the Department, but don't ever use that term to refer to the dedicated men and women who are within that Department. In the couple of months that I have been down there, I have found people who are working their hearts out to do the very best for the American people, to capture the spirit of the American value system and to take that spirit around the world. We should be very proud of what they are doing.

What my challenge is, what our challenge is today, is to make sure that they have the wherewithal, they have the resources, so they are not working in dilapidated embassies; they are not working with dilapidated, old communications and technology systems; that if we think it is important for our fighting men in the Pentagon to go into battle with the best weapons and equipment and

tools that we can give them, then we owe the same thing to the wonderful men and women of the Foreign Service, the Civil Service and the Foreign Service nationals who are also in the front line of combat as you alluded to, Mr. Nussle, in this new world.

I am pleased to be the Secretary of State, and I am pleased to be here this morning to defend the President's budget. The President had a number of tough choices to make in putting this budget together, and I was very pleased that he saw fit to give the Department of State and the 150 Function a 5 percent increase, which when you break it down, as you will see shortly, into the actual operating accounts of the Department of State, the money we use to buy new technology, to buy new information systems, to invest and secure facilities and embassies, to hire people, represents a much more significant increase, something like 14 percent over the past year.

So while I too am concerned about not being at historical levels, I think we are starting to turn that around. As you note, Mr. Spratt, the outyears are not adequate, but outyears are outyears, and you can be sure that I will be doing everything I can in the course of the remainder of this year, as we get ready for 2003, to make sure that I present to the administration, to the President, the best arguments that I can come up with as to why these increases should continue.

The government, the United States, the American people, they have so many ways in which they interact with the world. The President, in holding meetings with world leaders, the travels that he takes, the travels that I take, such as the trip I made to the Middle East a few weeks ago, all of this for the purpose of representing our interest, all for the purpose of working with friends and allies, all for the purpose of dealing with former enemies, who perhaps, now are on the way to becoming friends. But what I do and what the President does and what other Cabinet officials do in this regard is nothing compared to what is done every single day by those wonderful men and women that I am privileged to be the leader of. That is why it is so important we keep in mind that people across the world, doing this work for us, are watching us, watching to see whether or not we will give them what they need.

I am pleased that the President saw fit to give us this increase. I want to just touch on some of the significant items in the increased request that we had before you, and I think the details are adequately covered in my prepared statement. In the interest of time, and knowing that you have some other distinguished witnesses following me, I will just touch on the highlights and then get right into the questions and answers. Because we have such a good turnout, I want to make sure that everybody has an opportunity, Mr. Chairman, to ask questions.

As you know, the account is broken into really two parts, the Foreign Operations appropriation and then the Commerce, State and Justice. As Mr. Spratt has noted, the Andean Regional Initiative, which follows on from Plan Colombia, is the largest single account and it is part of a larger account called International Narcotics and Law Enforcement, where we give additional money to the effort to cut off the supply of drugs that are coming in to this nation, and rather than just focus on Plan Colombia as we have for

the last couple of years, we are calling this now the Andean Regional Initiative because we just don't want to move the problem to other countries in the Andean region. We understand that it is not just a matter of helicopters. We have to provide alternative sources of income, alternative crops, democracy, nation building, preparation of military and police forces to handle the kind of challenges they face in the Andean region.

Another major item in the foreign operations appropriation is military assistance to help Israel and our European Partnership for Peace countries, the Philippines and Latin America, take care of some of their military assistance funding needs. Multidevelopment banks have been fully funded in 2002, scheduled payments to the multilateral development banks; child survival and diseases, especially with respect to HIV and AIDS, one of the great catastrophes on the world stage right now, especially in sub-Saharan Africa. Congress has been very generous in recent years. This budget thanks the Congress for that generosity and asks for a 10 percent increase in that kind of funding for HIV/AIDS and similar infectious diseases which are such a problem in sub-Saharan Africa, in other parts of the world and here in our own hemisphere, increasingly in the Caribbean.

International assistance goes up. We want to increase operating expenses for USAID so they can do a better job of delivering this aid to nations around the world. We have our allocations for peacekeeping, development assistance; increases to meet the requirements of the Korean Energy Development Organization. Heavy fuel oil is part of the agreed framework with North Korea from 1994; increases in migration and refugee assistance and increases in the Peace Corps, which is celebrating its 40th year of dedicated service not only for the Nation but to the world.

The major increases in the other part of our account, Commerce, State, Justice appropriation—first and foremost, I would like to highlight what we call diplomatic readiness, the human resources that are necessary for us to do our job. We are hiring 597 new Americans into the State Department, 360 of whom will deal with the highest priority staffing needs. We have a shortage in our Foreign Service ranks. We have to begin filling that shortage. In addition just to filling shortages, we want to create a float so that we have some flexibility; so people can go away to school without leaving a job; so there are enough people around to handle the crises and emergencies that come along from time to time without always having to rob Peter to pay Paul and vice versa.

We are also going to hire 186 additional security professionals as part of our commitment to making sure that we are not only protecting all of our facilities against terrorist attacks but also intelligence penetrations.

The biggest single item I would like to focus on in terms of money is information technology. We know that we have got to do a better job of getting the power of the information revolution down on to the desk of every single State Department employee anywhere in the world so that they have access to the Internet, so that they can have access to each other, and so that we can start linking this altogether and just increase the leverage, the power, that the Secretary of State has and all of my colleagues have in the building

to reach out and work through our embassies, work through our ambassadors, in an increasingly empowered way. The world is so complex, with so many additional countries that need to be dealt with and tended to since the end of the Cold War, that we have got to use information and technology not to centralize power and authority but to decentralize power and authority; and you do that by having information technology systems that allow you to do so.

So we are increasing our investment in both classified and unclassified information technology systems.

There has been a great deal of interest in security for our people overseas, and you will see $1.3 billion in the overall blueprint for new secure embassies; increasing perimeter security to posts around the world; security readiness, including guards, including the kind of equipment you need, x-ray equipment and other surveillance devices to make sure that when we send our people out on these front lines we give them all the protection that is possible without, at the same time, denying them access to the people that we are sending them out to represent us to.

Also finally, overseas infrastructure, $60 million to address critical infrastructure problems to include replacing obsolete equipment, aging motor vehicles and all the other mundane things that are required to make sure that we are doing our job correctly.

Mr. Chairman, I believe that this budget is a responsible budget in light of all of the other priorities that the President had to consider as he was putting the budget together. It is my first shot at what I think the Department will need in the years ahead. I am very pleased that the President has understood that the need we have is real and great and he has confidence in our ability to use this money wisely. I hope I can convince the Members of Congress of that same commitment that I make to use this money wisely.

This is a time of great opportunity in the world. It is also a time of challenge, a time of risk and danger. We will deal with those risks and those dangers, but we must never lose sight of the fact that it really is a time of opportunity where our value systems ascended, where Communism is gone as a functioning ideology, where fascism and Nazism have been left behind in the dust bin of history, where it is democracy and the free enterprise system that represents the model that works. It is the model that we stand behind. It is the model that we present to the rest of the world. We present it with humility. We present it as something that they should look and see that it is the road to wealth and success for their peoples.

In order to carry that message, it is going to be the State Department, as much as the military or any other part of the National Government, that will carry that message effectively. In order to do it, we have to support our people with all they need to get the job done to take advantage of the opportunities, to minimize the risks and the dangers that are out there and to serve as that insurance policy you referred to earlier, Mr. Chairman.

With that, I will stop and will be more than pleased to take your questions, sir.

[The prepared statement of Secretary Powell follows:]

PREPARED STATEMENT OF HON. COLIN L. POWELL, SECRETARY, U.S. DEPARTMENT OF STATE

Mr. Chairman, members of the committee, I am pleased to have this opportunity to testify before you for the first time as Secretary of State, in support of President Bush's budget request for FY 2002.

I recall with fondness some of the hearings I used to have with this committee when I was Chairman of the Joint Chiefs of Staff.

I was particularly fond of the dollars of those days. I would love to have to deal with hundreds of billions of dollars once again.

I must tell you, Mr. Chairman, that the resources challenge for the State Department has become such a serious one, such a major impediment to the conduct of America's foreign policy, that I view my responsibility to appear before you here today as one of the most important responsibilities I have as Secretary of State.

I believe I have responsibilities as the "CEO" of the State Department, as well as responsibilities as the President's principal advisor on foreign policy.

And it's my CEO hat that I want to put on first. But you will see that it is sometimes difficult to wear one hat at a time because what I do under my CEO hat impacts on what I do under my foreign policy hat.

Mr. Chairman, in January at my confirmation hearing I told the members of the Senate Foreign Relations Committee that President Bush would be a leader who faithfully represents to the world the ideas of freedom and justice and open markets.

The President has many ways he can do this, many different methods through which he can show the world the values of America and the prosperity and peace those values can generate.

For example, the President meets with other heads of state here in Washington, as he will do with Prime Minister Mori of Japan next week, and he travels to summits around the world such as the G-8 summit coming up in July in Genoa and the APEC summit in October in Shanghai.

And, as you know, I travel for him as well. I returned 2 weeks ago from visits to Israel, Egypt, Jordan, Syria, Saudi Arabia, Kuwait, and the West Bank, as well as to Brussels on my way home to participate in a meeting of the North Atlantic Council and to talk with some of my counterparts in Europe.

Such trips by his Secretary of State are another of the methods the President has at his disposal to represent American values and interests in the councils of state around the world.

But the most important method by which the President presents America to the world, the most important method by far, is through the thousands of people who labor away at such representation every day of the week in almost every country in the world.

I am of course speaking of our front line troops in the State Department, as well as those here in America who support them.

I am talking about the Foreign Service officers, the Civil Service employees, and the Foreign Service nationals who make up the Department of State.

Theirs is the daily drudgery of foreign policy, punctuated by the thrill and excitement of diplomatic success ranging from the minor to the sublime, from the courteous handling of a visa application to the inking of a treaty curtailing nuclear weapons.

Mr. Chairman, there are no finer people chipping away at tyranny, loosening the bonds of poverty, pushing the cause of freedom and peace, on the US government payroll.

And it is a mystery to me how they have continued to do it over the years with so little resources.

Some of you may have visited Camp Bondsteel in Kosovo where our GIs are stationed. It is a superb, first-class facility put in overnight to make sure that our troops are taken care of. But if you visited some of our dilapidated embassies and other facilities in the region, you would wonder whether the same government was taking care of them. The same bald eagle is clutching the arrows and the olive branch, but in many of State's buildings that American eagle is very ill-housed.

Also at Camp Bondsteel there are excellent capabilities with respect to information technology, including the capability to send unclassified e-mails. In many of State's facilities there were no such capabilities.

Now since the time that construction was begun on Camp Bondsteel, with the help of Congress and with the good work of former Secretary Albright and her dedicated people, we have made great strides in our unclassified information technology at State.

My hope is that, in the first year of the Bush Administration, the Congress will work with us to continue this good progress we have made, and to see that our operations and our foreign affairs are put back in balance with everything else we do in the world.

For example, now that we have made such strides in our unclassified information technology, we have to continue those strides by gaining broad-based Internet access. At the same time, we have to begin work to create classified local area network capabilities, to include classified e-mail and word-processing.

Mr. Chairman, as you well know, some of our embassies in addition to lacking up-to-date information technology are not as secure as they should be—and so we have people who are not as secure as they should be.

But again thanks to the House and Senate's attention to this matter, we are beginning to get a handle on it.

I understand that when the FY 99 emergency supplemental was being put together, we did not have the sort of robust buildings program that was needed to meet security needs. We had to prove that we could ramp up to such a program and then manage it.

Let me just say that in the 2½ years since the bombings in Kenya and Tanzania, we are well on the way to doing just that.

We provided an immediate stand-up of facilities in Dar Es Salaam and Nairobi and within twelve months replaced each with more secure interim facilities that will be in place until the new replacement facilities are finished.

We broke ground on those permanent facilities in August.

Likewise, we just completed construction in Kampala, Uganda and our people have moved in just 15 months after construction began.

We will also move into a new embassy in Doha, Qatar in early June of this year.

Other new construction projects where we have broken ground include Zagreb, Istanbul, and Tunis.

Ground-breaking for Abu Dhabi will occur this spring.

In addition, we've funded over 1200 individual perimeter security upgrades with over 50 percent now completed.

But we are still not moving quickly enough nor efficiently enough.

And I want to work with you and the other Members of Congress to gain your confidence so that we can move faster and eliminate some of the barriers that cost money to overcome.

In that regard, we are carefully studying construction costs.

I know that we can do better in adapting the best practices of industry and smart engineering techniques and technologies to embassy construction.

The hundred-foot set-back, for example, can sometimes be overcome by better and smarter construction.

Blast protection remains the same but the dollar costs are significantly lower because acquisition of land is exorbitantly expensive. If we can provide the same degree of security through a better built wall that has only, say, a fifty-foot set-back, then that's what we are going to do.

And we believe better overall management is also achievable so that construction delays don't eat up precious more dollars.

Better overall management includes bringing on board an experienced operations executive to manage the Overseas Facilities Program, as recommended by the Overseas Presence Advisory Panel. It also includes realigning the Foreign Buildings Office from within the Bureau of Administration to a stand-alone organization reporting directly to the Undersecretary for Management—requiring, of course, consultation with and the support of the Congress.

The combination of strong leadership, realignment of the function, and an industry panel to assist with identifying best practices from the private sector, along with implementation of other OPAP recommendations, will greatly improve the management of the overseas buildings program.

On Monday at the State Department we swore in one of the Army's finest engineers, retired Major General Charles Williams, to head this effort. He is an expert at reducing costs while delivering high quality and I've no doubt he will offer us new ways to execute and to manage our embassy construction.

As a result, we may be able to reduce that hundred-million-dollar price tag on new embassy construction. I am committed to working with the Congress on this issue.

Mr. Chairman, in the past we have not in all cases done the best we could to see that our overseas personnel were as secure as they should be—but together, you and I can change that. Together, we can continue this very positive effort we have begun to pull the State Department into the 21st Century.

And that is what we are after in the President's budget for Fiscal Year 2002—to continue this very positive forward momentum.

The President's request of about $23.9 billion, a 5-percent increase over this year, will do just that.

We are providing $1.3 billion, for example, toward our steadfast commitment to the safety of our men and women serving overseas.

These dollars will allow us to continue to address our infrastructure needs including the construction of new, secure facilities and the continuing refurbishment of existing ones.

These dollars also provide the means to improve security operations including the hiring of additional security officers who are essential to the prevention and deterrence of terrorist attacks against our embassies, such as those that occurred in Nairobi and in Dar Es Salaam.

We will not be deterred by such attacks from doing our job in the world—but we will take measures to protect our people.

The President's budget also provides $270 million for modernizing and, in some cases, acquiring for the first time the required information technology for the conduct of foreign affairs.

These dollars will allow us to modernize our secure local area network capability, including e-mail and word-processing. Likewise, they will allow us open access channels to the Internet so that our people can take full advantage of this enormously important new means of communication and research. This access will also increase communications and information sharing within the foreign affairs community.

Mr. Chairman, this development alone has the potential to revolutionize the way we do business.

Take for example the great products turned out by the Foreign Broadcast Information Service, or "FBIS" as we call it.

No longer will an ambassador or political or economic officer in one of our embassies have to wait for the bound copies to arrive by courier or mail at his desk or office, often delaying the hottest, most recent news.

Switching on the computer, accessing the Internet, and clicking on the FBIS account puts the latest news from in-country and regional newspapers and periodicals at your fingertips almost instantly.

Similarly, clicking onto your e-mail account allows you to query any subject matter expert in the system as swiftly and securely as modern technology permits.

When I arrived in the Transition Office at State in December of last year, the first thing I put on the table behind my desk was my computer with access to my e-mail account.

I didn't want to be out of touch for an instant.

And the Department of State doesn't want to be out of touch either.

So our long-term investment strategy and ongoing acquisition of new technology will continue to address the many information needs of our foreign policy professionals.

And we need to reinvigorate our Foreign Service—an arm of our professional public service apparatus every bit as important as the Army, Navy, Marine Corps, Air Force, or Coast Guard.

To do this, we need to hire more of America's brightest and most talented young people who are committed to service.

And we will only be successful if we change how we recruit, assess, and hire Foreign Service Officers. And we are doing that. We also need to be smarter about how we market the State Department if we are to win the fight for talent.

Funding alone will not solve our human resource challenges. We must create a place of work that can compete with our higher paying private sector competitors for the very best young people America has to offer.

And I assure you we will, by providing a career that rewards innovation, recognizes achievement, and demands accountability and excellence. With your help we will win the fight for talent and that victory will be reflected every day in America's foreign policy.

The President's budget provides money to hire more than 350 new Foreign Service Officers so we can establish a training float—a group of FSOs that will begin to relieve some of the terrible pressures put on the conduct of America's foreign policy by the significant shortage of FSOs we are currently experiencing.

Moreover, the budget provides $126 million to fund American and Foreign Service national pay raises, cost of living adjustments and offsets to domestic and overseas inflation.

All of these actions will help us reinvigorate our Foreign Service.

Mr. Chairman, there are other areas of the President's budget that I want to highlight in addition to embassy security, construction and refurbishment; information technology; and hiring of new people for the Foreign Service.

These programs require a new culture within our foreign affairs apparatus—a new public-private partnership that mobilizes the very best institutions in our country ranging from universities, to private voluntary organizations, to foundations, to the for-profit private sector companies.

It requires reorienting our economic assistance to ensure that we can mobilize the expertise of others outside the government, that we can leverage our resources, and that we can integrate the efforts of those working in various disciplines such as global health.

For those of us in the foreign policy community we see our role as agents of change. We cannot do it all—but with the assistance of these institutions we can further US foreign policy interests in promoting economic growth and agricultural development, global health, and conflict prevention.

These are the program areas that must be funded to advance America's foreign policy interests overseas. These are programs aimed at restoring peace, building democracy and civil societies, safeguarding human rights, tackling non-proliferation and counter-terrorism challenges, addressing global health and environment issues, responding to disasters, and promoting economic reform.

For example, we plan to include approximately $730 million in the budget to expand counterdrug, alternative development, and government reform programs in the Andean region.

The budget includes an additional $60 million for military assistance to Israel to help meet cash flow needs for procurement of U.S. defense systems, and to demonstrate our solid commitment to Israel's security.

With $1.4 billion, the budget fully funds all FY2002 scheduled payments to the Multilateral Development Banks and the U.S. commitment to the Heavily Indebted Poor Countries Debt-Reduction Initiative.

The budget increases funding for Migration and Refugee Assistance—a total of $715 million—to give crucial and life-sustaining support to refugees and victims of conflict throughout the world.

The budget reflects the Bush administration's leadership in promoting the protection of human rights, for example, in combating impunity for crimes against humanity in Sierra Leone.

The budget increases resources for combating global HIV/AIDS and trafficking in women and children, and for basic education for children. All in all, we will increase funding for these programs by about 10 percent.

The President's budget for FY2002 also provides $844 million to support UN peacekeeping operations around the world, such as those in Bosnia and in Kosovo. It also includes $150 million in voluntary peacekeeping to support ongoing operations, including efforts to bring peace and stability to key areas on the African continent.

The budget also supports political and economic transitions in Africa, with emphasis on those countries, such as Nigeria and South Africa, that have a direct bearing on our national security and on those countries that have demonstrated progress in economic reform and in building democracy.

Building democracy and civil societies remains a top priority of this administration, so our budget also supports short- and long-term programs to support democratic elements in countries where alternative voices are silenced. Toward this end, the budget increases funding for U.S. international broadcasting to $470 million. These funds will support the free flow of information by providing accurate information on world and local events to audiences abroad.

We have devoted $40 million to sustain our efforts to remove landmines in former war-ravaged countries—landmines that kill and maim children and innocent civilians.

With $247 million, the budget supports our efforts to reduce risks posed by international terrorism and to halt the spread of weapons of mass destruction by supporting stronger international safeguards on civilian nuclear activity and by helping other countries to improve their controls on exports of potentially dangerous technology.

The budget includes $275 million to provide increased funding for the Peace Corps, another group of bright and talented individuals committed to service. The Peace Corps has more than 7000 currently serving volunteers addressing a variety of problems in the areas of agriculture, education, the environment, small business, and health matters.

Mr. Chairman, before I conclude my prepared statement, let me call your attention to several areas upon which I want to place special emphasis.

In addition to what I have already highlighted with respect to the money for the Andean region, you know that much of that money—some $400 million overall—is directed at Colombia.

We are asking for money to continue and expand programs begun with the $1.3 billion emergency supplemental in FY 2000.

Colombia is the source or transit point of 90 percent of the cocaine and over 50 percent of the heroin that arrives in America. Those percentages are increasing, by the way.

Neighboring countries, such as Bolivia and Peru, have conducted effective coca eradication programs, but maintaining their successes will require vigilance and U.S. assistance. Therefore, we are requesting approximately $100 million for Bolivia and approximately $155 million for Peru, to support those countries' requirements for institution-building, alternative development, and interdiction.

The Bush administration believes strongly that any successful counterdrug strategy in the region must include funding to bring greater economic and political stability to the region and a peaceful resolution to Colombia's internal conflict.

We must capitalize on the ground work of programs funded thus far, including the expansion of Andean eradication and interdiction programs, sustained alternative development programs, and continued attention to justice and government reform initiatives.

In addition, the President's budget includes approximately $75 million for Ecuador, Brazil, Venezuela, and Panama, to strengthen their efforts to control drug production and the drug trade. Our efforts must be regional in scope if they are to be successful.

Mr. Chairman, I also want to emphasize our efforts to de-layer the bureaucracy at State to promote a more effective and efficient organization for the conduct of our foreign policy.

We have begun an initiative to empower line officers—the true experts in most areas—and use their expertise to streamline decision-making and increase accountability.

The current organization sometimes complicates lines of authority within the Department and hinders the development and presentation of a coherent foreign policy, and thus mars its effectiveness. So I want to carve out needless and even hurtful pieces of the current organization. I won't do it unless I am certain it is necessary, and when I do it I will look for the support of the Congress.

I feel very strongly about this effort. Throughout the last 4 years I have seen up close and personal how American business has streamlined itself. This streamlining is sometimes ruthless; it is sometimes hard; it is almost always necessary. We need to do the same thing at the State Department.

Mr. Chairman, consistent with the effort to reduce subsidies that primarily benefit corporations rather than individuals, our budget for international affairs will include savings in credit subsidy funding for the Export-Import Bank.

As you know, the Export-Import Bank provides export credits, in the forms of direct loans or loan guarantees, to U.S. exporters who meet basic eligibility requirements and who request the Bank's help.

The President's budget proposes savings of about 25 per cent in the Bank's credit subsidy requirements through policy changes that focus the Bank on U.S. exporters who truly cannot access private financing, as well as through lower estimates of international risk for 2002.

These changes could include a combination of increased risk-sharing with the private sector, higher user fees, and more stringent value-added tests.

These efforts at redirection anticipate that the role of the Export-Import Bank will become more focused on correcting market imperfections as the private sector's ability to bear emerging market risks becomes larger, more sophisticated, and more efficient.

Mr. Chairman, members of the committee, I believe we have an historic opportunity with this budget to continue—and even to speed up a little—the refurbishment of our foreign policy organization and, ultimately, of our foreign policy itself.

I believe this is as it should be for what we are doing, finally, is redressing the imbalance that resulted from the long duration—and necessary diversion of funds—of the Cold War.

For over half a century we found it absolutely imperative that we look to our participation in that titanic struggle for ideological leadership in the world as the first and foremost requirement of our foreign policy and our national security.

Now, the Cold War is over. Now, as all of you have recognized, we are involved in spreading the fruits of our ideological triumph in that war. Now, we have need of a more sophisticated, a more efficient, a more effective foreign policy.

Now is the time to provide to the principal practitioners of that foreign policy the resources they need to conduct it.

Thank you, and now I welcome your questions.

Chairman NUSSLE. Thank you so much. Let me just report to members, first of all, that the Secretary has about another hour, as I understand it—is that correct?—to spend with us today. So I will lead by example and what I would just suggest to members is that they maybe ask one question so that as many questions as can be asked by members is possible. As I say, I will lead by example, Mr. Secretary.

The Washington Post recently touted this budget for the State Department as a substantial funding increase, which is interesting in the context of what Mr. Spratt was suggesting earlier, and certainly historical context aside, this is substantial over what we have seen over the last number of years. The President's budget emphasized the need to improve embassy security, and as I understand it includes $1.3 billion to address infrastructure needs, including construction and securing facilities, improving security operations, new security officers, to prevent and deter terrorist attacks. I believe the blueprint goes on to say, and rightfully so, that our continued engagement and leadership in the world will not be diminished by the actions of terrorists, and that, on the contrary, it only strengthens our resolve to advance our values and U.S. interests throughout the world.

What are the estimated costs for overseas posts to bring them into compliance with the security needs that you believe are so important and we all believe are so important to keep our men and women safe that are on the front lines of providing our diplomacy?

Secretary POWELL. I don't know that I have a total number I can give you to bring us up to the highest standards that every embassy and other facility, to include USAID facilities around the world, but it would be in the tens of billions.

Embassies are expensive to construct. We are using American contractors and American specifications. The security requirements not only to prevent intelligence penetration but also physical security requirements add to that cost.

I am absolutely convinced that we have to get the best professional management of this FBO, Foreign Buildings Office Program, as we call it. In that regard, I have hired and brought on board this week a retired Army officer, Major General Chuck Williams, Corps of Engineers, who has great experience both in government and in the private sector in managing this kind of large construction program worldwide. He built Fort Drum, New York. He built the Dulles Greenway, the first private toll road in 150 years in the United States. He replaced all the roofs in the District of Columbia school system a few years ago, and he has enormous experience in handling this kind of account.

He has come in and he will be reporting directly to the Under Secretary of Management. We have gotten him out from within the bureaucracy, and he is going to get on top of that kind of question you just raised.

Are we doing sensible things or do we have too much security piled on our construction programs? Are we getting to the point where we are so secure we don't have the kind of access we need?

Are we overspending to get that added increment of security whereas with a little more sensible approach we could get enough security at a considerably lower expense?

So all of these things will be taken into consideration. But the simple answer to your question is, it is in the tens of billions of dollars.

Chairman NUSSLE. I would ask unanimous consent that all members have 7 legislative days to provide questions in writing as well to the Secretary.

With that, Mr. Spratt.

Mr. SPRATT. Thank you, Mr. Secretary, for your testimony. And just quickly, if you wanted to maintain the real level of spending in your Department at this year's level out through the next 5 years and fund major initiatives like the Andean Initiative without having to take it out of your hide, offset it, roughly on the back of the envelope what do you need in the outyears over and above what, we call it the FYDP, provides?

Secretary POWELL. If it was an unconstrained environment we were living in and if I could just have my wish list met, all of my dreams realized—I am putting every possible disclaimer I can on this statement. I do not wish to be hauled before my masters before sundown. I think it would not be hard to make a case that this budget should be close to your historical histogram or higher in order to do the kind of job that I think we are going to have to do in the 21st century; closer to that real dollar value of $26 billion or higher.

I think a case can be made. It is a question of how much of the taxpayer dollars given to us by your constituents in that small town in South Carolina are they willing to give for what are essentially overseas expenditures. But those overseas expenditures are not just off somewhere that have no effect on us. Increasingly, what we do overseas with trade, with the kind of information and technology explosion we have seen, affects us back here at home. We are no longer isolated. They are no longer isolated. When we are not doing what we can to solve, for example, the HIV/AIDS crisis in Africa, it will affect us in due course.

So all of these things are connected now, and I think that one responsibility I have, and I submit all of us in this room have, is to take that case to your constituents around the country that foreign policy is important. It is no longer foreign. It is part of the integrated world that we have become a part of.

South Carolina is a great example. Some of the factories that you have there we wouldn't have dreamed about a few years ago, Mr. Chairman, and it has benefited the people of South Carolina. That is the kind of world we are in.

Mr. SPRATT. One short, brief, quick follow-up. The Andean Initiative is a major increment to your budget for the next year. How much longer do you see that requirement being imposed on your budget? Is it likely to be a funding requirement for the next 5 years?

Secretary POWELL. I assume it will be a funding requirement for a number of years into the future. I can't give you how many years, but once you start on a program like this, if there is still a need for the program you can't abandon it midstream. So I think we

have to anticipate that the Andean Regional program in some form will continue into those outyears.

Mr. SPRATT. Thank you very much.

Chairman NUSSLE. Mr. Thornberry.

Mr. THORNBERRY. Thank you, Mr. Chairman.

Secretary POWELL. Hello, Congressman.

Mr. THORNBERRY. Mr. Secretary, thank you for being here. I don't think there is any question but that we have neglected the physical infrastructure associated with our diplomacy, including buildings and communication and security and probably salaries. I think there is also no question that diplomacy is going to be more important than ever in the future, and the folks coming after you have some things to say about what that world of the future looks like.

I also believe that we have neglected the organizational structures in the State Department and, frankly, in other parts of the government, and we have probably neglected the intellectual work to think about how we need to best advance U.S. security interests in the future. Sometimes in this committee we talk about how we have to modernize Medicare to keep up with the changes in health care since 1965. It seems to me we have to modernize our national security structures, our diplomatic efforts, to keep up with the way that the world is changing in a lot of ways.

I want to ask you about reform. You have made some changes already. The Hart-Rudman Commission had some specific recommendations at the headquarters level, but from my brief time in the State Department as one of those folks sitting behind Secretary Schultz I came to believe that we have to review things all the way down to the embassy level; what kind of folks we need in each embassy. I also think that your strong advocacy for more resources will need to go hand-in-hand with reform.

So can you tell us a little bit about what you have in mind for reforms to make sure that we modernize in the way we need to?

Secretary POWELL. I agree with you totally, Congressman. The first thing I wanted to do when I took over the State Department was start leading it before I started reorganizing it. There is an old Army general order, take charge of this post and all government property in view. Well, we are in the process of doing that with a new team, and taking assessment of the Department, the strengths of the Department, the weaknesses of the Department. And what I intend to do is to use all the many studies that I found waiting for me when I walked into the Department, whether it was Senator Rudman's fine work or the Carlucci report, I even discovered a report that I had participated in 2 years ago. Shocking, you suddenly have to execute one of your own reports and the Caden report.

I have no shortage of analyses and reports. My judgment is that I ought to take these issues on a one-by-one basis and solve them. So we are working on Foreign Buildings Office Program. I have just announced a new director general of the Foreign Service, Ruth Davis, a distinguished ambassador. Her charge is to be a change agent in the way we access people into the Foreign Service; how do we get them in; why does it take 27 months to recruit somebody from the day they say I want to join the Foreign Service until they

get into the Foreign Service? We can speed that up. What training are we giving to our people that are going out to embassies?

I asked Ambassador Felix Rohatyn, just back from Paris, to come sit with me and tell me about the exciting program that he started in France to have these little one-person mini-embassies out in cities all across France, where you have that American presence, not with a lot of barriers but a storefront operation; a storefront operation that can do work.

I want to have a better relationship with Congress. I am desperately trying to find room up in Capitol Hill now so I can put a congressional liaison presence on Capitol Hill. We can take care of all of your consular constituent needs, and I can have people up here who can help the Congress understand what we are trying to do.

I am going to be bringing people into the public diplomacy function of the Department who are going to change from just selling us in the old USIA way to really branding foreign policy, branding the Department, marketing the Department, marketing American values to the world and not just putting out pamphlets.

So I have a number of initiatives and I am looking at, for example, how to get rid of layers without hitting myself in the head. In some of our bureaus, I think there are too many layers and we are going to experiment with which layers should go.

I always credit people who came before me as being as smart as I am, in fact many most cases quite a bit of smarter. So I want to know why they did what they did before I start pulling everything up by the roots. But we are going to pull everything up by the roots in due course, and if it makes sense we will plant it back in the ground. If it doesn't make sense, we will get rid of it.

I believe I have an obligation that was given to me by the President and has been made clear by the Congress to look at the Department organizationally, functionally and also from the standpoint of training new leaders to run the Department, and I take very much to heart what you have said.

Mr. THORNBERRY. Thank you.

Mr. SUNUNU [presiding]. Thank you.

Mr. Secretary, I am tempted to note that you will have to negotiate with Vice President Cheney for office space on the Hill, but instead I will yield to the gentleman from Texas, Mr. Bentsen.

Secretary POWELL. Oh, dear.

Mr. BENTSEN. Thank you, Mr. Chairman.

Mr. Secretary, very nice to have you here today. I will try to adhere to the chairman's request of one question. When we have someone of your stature and your portfolio before us, it leads a lot of us, particularly who don't sit on your regular authorizing committees, to come up with a lot of questions.

I do want to make a couple of points and then I have a question for you. And I want to echo what Mr. Spratt said. As important as your portfolio is, I think you understand how politically unpalatable it is to most of our constituents, but I think you will find that most Members of the House believe what you do and what your Department does is terribly important, and as you say, it directly influences our districts.

I do want to say that I am concerned with the Plan Colombia. I had problems with it last year. Ultimately we passed it in the budget, but I think the killing of two labor leaders this week in Colombia raises some questions and I hope your Department will look into that.

I am curious, and I will submit questions for the record, of exactly what your budget's commitment is to the World Bank AIDS Trust Fund that the Congress established last year, and as I read in the HIPIC debt forgiveness the proposal of using unobligated funds to continue that on track, and I will submit a question for the record on that.

[The information referred to follows:]

SUPPLEMENTAL QUESTIONS SUBMITTED TO SECRETARY POWELL BY CONGRESSMAN BENTSEN

Question No. 1. *Debt forgiveness.* In 1999, Congress authorized U.S. participation in five new Multilateral Development Bank (MDB) Replenishment Agreements. In 2000, we approved a $600 million U.S. contribution to the World Bank's program to help forgive debt owed by Heavily Indebted Poor Countries (HIPCs) and gave permission for the International Monetary Fund (IMF) to use profits from prior gold sales for the HIPC program.

What is this Administration's commitment to the HIPC program? Do you plan to expand the U.S. participation in HIPC?

Editor's note: No response to question No. 1 was received at presstime.

Question No. 2. *Plan Columbia.* Late on Monday, March 12, 2001, gunmen shot, execution-style, two union leaders for the U.S. coal mining firm Drummond Ltd. in northern Colombia. The victims were the president and vice president of Drummond's union. Since 1995, 1,522 labor leaders have been killed in Colombia, mostly by paramilitary groups, according to figures by the country's leading labor organization, the Unified Labor Confederation (CUT). In 2000 alone, 116 labor leaders were killed in Colombia. The Unified Labor Confederation (CUT) asserts that paramilitary groups are primarily responsible for the killed 35,000 civilians in the last decade.

Late last year, we in Congress approved the "Plan Columbia" aid package most of which is in the form of military aid in furtherance of efforts to disrupt cocaine production.

Given the sustained level of foreign aid we provide to Colombia, what safeguards are in place to ensure that moneys are not channeled through the Columbian army to the paramilitary death squads operating in rural areas?

Answer No. 2: Section 5634 of the Foreign Operations, Export Financing and Related Programs Appropriations Act, 2001 (the "Leahy Amendment") prohibits the provision of assistance using funds appropriated under that act to any unit of a foreign country's security force if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines that the government of the country is taking effective measures to bring the responsible members of the security force unit to justice. Standing procedures are in place to ensure that counter narcotics assistance is not provided to units of Columbian security forces against whom there is credible evidence of gross violations of human rights.

Columbia has a comprehensive system of controls that are designed to keep resources from being misused. The system includes the Comptroller General empowered to conduct audits, an Attorney General (Procurador) who serves as a government-wide inspector general, who can remove government officials from office, and a powerful and independent prosecutor (Fiscal). These institutions have offices at both the national and local levels. In addition, for police and military assistance items, USG agencies maintain extensive "end use monitoring" to prevent diversion and transferred resources.

The Department believes that the mechanisms in place in connection with the Leahy Amendment and the provisions of the Columbian law provide an effective safeguard against U.S. assistance being provided to units against whom there are credible allegations of gross human rights violations. In addition, we believe these provisions have served as an incentive for the Columbian Government and military to deal with problems in security force units against which there have been credible

allegations to gross human rights violations. The Department remains committed, as a matter of highest priority, to working with the Government of Columbia's human rights record.

Question No. 3. *AIDS.* In recent years, both the Administration and Congress have devoted growing amounts to programs to control HIV/AIDS. Last year's Foreign Operations Appropriations bill (P.L. 106–429), appropriated $300 million for HIV/AIDS, $125 million for other infectious diseases, and $30 million for vulnerable children. The law also directs USAID to allocate up to $30 million for an international AIDS initiative and fund. At the same time, warfare and political unrest continue to undermine vaccination efforts and disease control in Africa. I am sure you would agree that infectious diseases, such as AIDS, pose as a national security threat.

That being said, what priority will the Department of State, under your command, place on international health spending? More specifically, what is your Agency's strategy, with respect to the African AIDS crisis?

Answer No. 3: HIV/AIDS in Africa, in particular, and international health overall is one of the Department's highest priorities. We are working through our diplomats at our embassies overseas, and in our bilateral assistance programs through USAID, working with the Centers for Disease Control and Prevention, DOD and others to enhance capacity around the world to address the immediate challenges posed by HIV/AIDS, malaria and tuberculosis, in part through U.S. support for Global AIDS and Health Fund. In addition to our seed contribution of $200 million, the U.S. is the leader in providing international assistance for HIV/AIDS (providing $466 million), TB and malaria, ($110 million) last year alone. The President has proposed increases to those amounts for FY 02 bringing the HIV/AIDS bilateral assistance levels to $480 million.

The bulk of this assistance will be available to Africa as the epicenter of the epidemic. Our efforts under the expanded response initiative focus on country representation in both high and low prevalence countries, to continue intensified efforts to better control the disease and get ahead of its progression. We are also focusing on new areas with increased efforts in the area of orphans, care and treatment of those infected and increasing access to interventions that reduce mother-to-child HIV transmission. There will also be a major emphasis on building critical healthcare infrastructure. Simultaneously we are looming to expand our efforts in other regions of concern, such as Asia and the Caribbean, where early interventions may help to thwart its spread.

Question No. 4. *EXIMBANK.* As you likely know, the Export-Import Bank (EXIMBANK) is expected to be cut by nearly 25 percent under the President's budget. Congress created the EXIMBANK to promote trade with foreign nations by providing financing mechanism for U.S. businesses seeking to do business overseas. The EXIMBANK provides funding for loans, guarantees, insurance, and aid payments to foreign nations for the purchase of American-made products. In its 65 years of services, the EXIMBANK has helped to support more than $400 billion of U.S. exports worldwide. For Fiscal Year 2000, the EXIMBANK issued new loan authorizations of $12.6 billion and $15.5 billion in insurance, and was profitable for the fourth time in last 5 years.

In the past decade the U.S. trade deficit has exploded from $29.5 billion in 1991 to a forecasted $450 billion in 2000. In absolute terms, the current figure is the largest trade deficit in U.S. history. I am sure we are in agreement that if we are to continue to create jobs in America, we must find new markets overseas for U.S. products.

What resources does the Department of State have to address opportunities for trade, in light of the expected scaled back operation of the EXIMBANK?

Answer No. 4: The Department has neither the financial resources nor the expertise needed to replace Ex-Im's export financing role.

Following the Secretary of State's mandate, the Department works closely with the private sector to support its export and project finance needs through policy and project advocacy. We work in partnership with other agencies, such as Commerce, on project advocacy. We also work with Treasury to reduce subsidies and therefore budget requirements to promote a level playing field in international lending and export credit agency practices, especially related to tied aid.

Our primary resource is our people-our economic and commercial officers at home and overseas-who provide advice on the best way to open markets, deal with regulatory issues, submit contract tenders for consideration, or handle investment-related problems.

State Department officers from the Ambassador on down vigorously support the trade promotion activities of the US Foreign Commercial Service (FCS) around the world. In addition, State officers play an even more dynamic role in the nearly 100 Embassies and Consulates where State leads both the economic and commercial functions.

Non-FCS posts may also submit competitive proposals to the Department for support from the State Department's Business Facilitation Incentive Fund (BFIF). The BFIF Program, an outgrowth of the 1993 "Change at State" report, provides awards of $2,000 to $15,000 for commercial training, support for improving the investment climate, and export promotion projects. The BFIF program was funded at the $4000,000 level in FY 00 and again in FY 01.

Question No. 5. *Terrorism.* The bombings in 1998 of embassies in Kenya and Tanzania put us all on notice that American facilities abroad are targets for terrorism. In the wake of these incidents, I understand that the State Department has committed itself to improving the security of our overseas facilities.

Can you speak generally about the progress of those efforts?

What, in the way of resources, do you still need to ensure that overseas facilities where dedicate members of the Foreign Service and the U.S. Military live and work are less vulnerable to terrorism?

I understand that four individuals are currently on trial for their roles in the Africa bombings. To your knowledge, what were the administrative and technical hurdles that had to be overcome to bring these alleged terrorists to justice?

From your vantage point, does the State Department have adequate resources under the President's Budget to fund this counter-terrorism effort? I ask not only asking as a member of this Committee but as someone who has long been concerned about the lack of available remedies for American who are the victims of terrorism abroad. I would also note that I am planning to propose legislation that would give you the power to designate an existing Assistant Secretary of State to monitor the Federal Government's efforts to bring justice to U.S. victims of international terrorism.

Answer No. 5: The key objectives of the Emergency Security Appropriation (ESA) were to quickly improve the security of our threatened consulates and embassies and to begin the longer-term objective of replacing those facilities that cannot be made adequately secure. Resources are still needed for the following:

- The Worldwide Security Upgrade program, i.e., a coordinated effort by the Bureau of Diplomatic Security and Overseas Buildings Operations to support our multi-year plan for addressing perimeter security goals;
- A major capital construction effort given the security deficiencies at many posts including the fact that over 80 percent of buildings overseas do not meet the 100' setback requirement;
- Maintenance of extensive security enhancements already achieved; and,
- Adequate additional space for new equipment provided under the ESA, such as x-ray machines and bomb detectors.

I am not aware of any administrative or technical hurdles. They were brought to the U.S. Federal Court in New United States for trial as a result of an intensive investigation, and convicted in May.

Our resources are being evaluated in light of the terrorist attacks this year, including kidnappings and acts of terrorism. The difficulties in dealing with terrorism are not always U.S. Government resources, but he complexities of obtaining timely intelligence and working with governments overseas. It also is important to continue to take a coordinated and integrated approach to countering terrorism. The Department of State already has a Coordinator for Counterterrorism who is not only my right hand man in developing and implementing counterterrorim policies but also in dealing with specific incidents, among them attacks on Americans overseas. The Coordinator's Office also provides to Congress an annual report, "Patterns of Global Terrorism," which among other things, discusses killed or injured in terrorist attacks overseas.

Secretary POWELL. Thank you.

Mr. BENTSEN. I do want to ask you, though, about an issue that is, in part, in your portfolio and part in the Treasury Department's, but since you are here today I will ask you about this. Either later this week or next week, the Prime Minister of Japan will be visiting the President. Granted that he is a lame duck prime minister but nonetheless he is in the position right now.

With the continued demise of the Japanese economy, which has been in recession or depression for almost the last 10 years, and constantly hearing that it may come out but it still has not, now appears to be getting to very much a near deflationary situation, it would appear to me that this situation may well be worse than the 1998 Asian currency crisis. At that point in time, the Japanese economy was showing some strength. The United States economy, as you know, was extremely strong and we were able, between the two of us, to pull the rest of the Asian economies out of the tank, save for Indonesia which, as you know, has serious structural problems and political problems.

But we have a situation where the Japanese economy is getting worse, just as South Korea has come back, just as Malaysia and Thailand, which are still somewhat developing economies but as they have made progress, and the Chinese economy has held somewhat stable. I am a little concerned with the new administration's approach, which is your prerogative, of this somewhat laissez-faire approach, as opposed to the previous administration, to stand back and allow things just to fall into place.

While there are certainly limits as to what the United States can do to influence any other nation, including an ally like Japan, I would hope that this administration doesn't stand back and allow the Japanese economy to fall off the cliff assuming that as the cycle continues it will come back, because, as you well know, not only do we have significant security interests in that region of the world but we have significant monetary interests. Something along the line of 38 to 40 percent of our export market is in that part of the world.

As the United States experiences its own slow-down, as evidenced—and the impact evidenced in the markets and the fluctuation that has occurred there, I would certainly hope that when the President meets with the Prime Minister and when you are meeting with your counterparts and Treasury meets with their counterparts, that this is something that we will take a forceful role in and in our position through the G-7 that we will also take a forceful role to try and push the Japanese economy, at least to keep it flat and not go further down.

Secretary POWELL. Thank you, Congressman. We are concerned about the Japanese economy, and it has been a source of meetings within the new team. I had a meeting this past Wednesday, a luncheon, with myself and Dr. Rice, Paul O'Neill, Larry Lindsey, and Don Rumsfeld, showing that there is a security connection to all of this, where we were discussing this issue and getting ready for the visit of the prime minister.

The Prime Minister may be moving on in the very near future, but the very importance of this issue suggested we still ought to have this meeting in order to exchange views with him, give him the benefit of our thinking on this matter as well as hear from him what the Japanese government is planning to do. So I take your comments very much to heart.

It is not a laissez-faire attitude. It is an attitude of collecting the best minds we have in the administration and outside the administration on the issue, and then being prepared to discuss this matter with the Japanese Prime Minister next week.

Mr. BENTSEN. Thank you.

Thank you, Mr. Chairman.

Mr. SUNUNU. Mr. Gutknecht.

Mr. GUTKNECHT. Thank you, Mr. Chairman.

Mr. Secretary, it is a pleasure to have you here. I know that you have been very involved in NATO and our European allies. We are currently spending, here in the United States, about 3 percent of our gross domestic product on national security or national defense. The European Union, which has an economy larger than the United States now, is spending 1.5 percent.

During several of the conflicts in the Balkans, it has come to our attention that the United States really has assumed a much larger role than perhaps what some might say is a fair portion of the costs. At what point are we going to be able to work with our European allies to sort of equalize the burden-sharing of some of the costs involved with policing the world?

Secretary POWELL. We have always encouraged our European allies to do more for our collective self-defense efforts. As long as I can remember, especially during my days as Chairman of the Joint Chiefs of Staff, it was something we always raised with them.

With respect to some of the current peacekeeping operations either in Bosnia or Kosovo, they are providing the bulk of the troops for those peacekeeping operations, even though we are an important part of the effort.

It is also important to recall that the major reason that we spend a higher percentage of our GDP than our European colleagues do is because we have different responsibilities, worldwide responsibilities, that they don't share. We have responsibilities that include responsibilities in Asia, that includes our nuclear forces, our logistic forces, our other transportation forces that are used to get us to places all across the world; whereas the Europeans have organized their forces in a different way.

Interestingly, under the new European Security and Defense Initiative that they are working on and we are supporting, they want to develop their own capability to handle some of these operations strictly by the European nations themselves and the EU coming together. We are encouraging them to do that, but we are also saying make sure you don't duplicate what we are doing in NATO and, above all, make sure you are increasing capability, that you are increasing your budgets, if you are going to take on these added responsibilities.

So we are using the ESDI, the European Security and Defense Initiative, and policy, to encourage them to increase defense spending. It is tough for them, but they realize that if they want to play a more significant role on the world stage with the kinds of challenges we now face, they have to do it. So, yes, sir, we are encouraging them and we are getting a pretty good response with the ESDI at the moment.

Mr. GUTKNECHT. Thank you.

Mr. SUNUNU. Thank you, Mr. Secretary.

Mr. McDermott.

Mr. MCDERMOTT. Thank you, Mr. Chairman.

Mr. Secretary, I would like to make a couple of comments and then ask a question. As a former FSO in the Congo, I am very

pleased to hear you say some encouraging words from the top about people in the field. The Department needs it badly, and I hope that you are able to persuade the Congress to give you enough money to do what needs to be done. There are a lot of empty posts and lots of problems out there.

The second thing is that the administration's early actions with respect to the AIDS advisor, suggests to me that you are going to be the last standing voice in the government about the importance of HIV/AIDS and what it means to national security. I would encourage you; I think that having been in Africa and seen all of the embassies south of the Equator and seen what has gone on in India and Brazil, I think I can support anything that you have to say about the need for our participation in this.

Which brings me then to the question of your reorganization. There is some word floating around that you may do as the national security adviser has done and fold South Asia into East Asia and Central Asia and make one division. I hope you won't do that, in part because along with Ed Royce and I, we are the co-Chairs of the India Caucus and are very concerned about making India a strategic partner. I have been watching the administration say very quietly that they don't want to spend any money on earthquake relief or they want to reprogram some money in an already poorly funded department. I hope that you will support our efforts in the Congress to get $100 million for reconstruction in India. It would be a statement to the Indian people of American values, as you say, which we want to push, that the richest country in the world can make a commitment to help them. In a time when 30,000 to 100,000 people died and a million homes were flattened, it seems to me that we can make more than a $10 million contribution in the form of some kind of redistribution in the Department. I hope that you will publicly support that, because we are going to push in the Congress to see if we can make it happen.

Secretary POWELL. Thank you, sir. On your first point, in response to the kind of encouragement I got from Mr. Thornberry, I am constantly looking at the organization to see if we have properly divided ourselves regionally and whether the forces within the organization are deployed properly. At the moment and for the future I have no plans to merge as you suggested. In fact, I am looking at candidates right now for the South Asia post and have some pretty good ones in mind.

I say that, however, reserving the right to change my mind as we get further into this reorganization, because sooner or later somebody's ox is going to get gored when I start making the kinds of changes that may be necessary, but right now don't concern yourself with that one, sir.

On the earthquake relief, it was a tragedy there, also had to deal with tragedies elsewhere, El Salvador and other places. As you know, when these come along, there is just so much flexibility within the Department to move accounts around and move money around, and so we will look at what our needs are. I can't make a specific commitment to a specific supplemental right now, until we have looked at all of the requirements within the Department, but I certainly share your concern about the devastation that has taken place in India and the need to help India reconstruct the

lives of so many people and reconstruct their homes and businesses that were lost, and their livelihood that was lost. So we will look at that.

Mr. MCDERMOTT. Did I understand you correctly, you would consider a supplemental budget for earthquake relief?

Secretary POWELL. Sir, I would consider anything the Congress wishes me to consider, but I don't want you to read it as a commitment to a supplemental because I have to take a look at all of the needs and I have to, at this point, defend the President's budget without buying on to a supplemental until such time as we have given it full consideration within the administration.

Mr. MCDERMOTT. We will try and give you the choice.

Secretary POWELL. Thank you, sir.

Mr. SUNUNU. Thank you, Mr. McDermott.

The gentleman from Ohio, Mr. Portman.

Mr. PORTMAN. Thank you, Mr. Chairman.

Mr. Secretary, we are honored to have you here today. I have to tell you, as one member, it is refreshing to see and to hear firsthand your personal commitment to your critical role as CEO of the Department. You are also the President's chief foreign policy adviser. You are also the chief diplomat for our country, and those two responsibilities alone are overwhelming and they have overwhelmed lesser men and women, but honestly I think it is very important, as you have pointed out so well, that attention be paid to the people, the systems, the organization structure, security, information technology, because that maximizes, of course, what you can do and is going to pay off handsomely for our country.

I will be eager to hear also from Senator Rudman and some of the others who have studied this issue but I again am very encouraged by what I hear about your willingness to take this on, not just as a diplomatic role but one where you are really getting your hands around the organization. It is partly about funding but mostly it is about will and about political leadership that you are demonstrating. I think that is why the administration's budget request is quite generous for your Department, because you have shown that commitment and I think this committee will be very supportive of the restructuring organizations and the commitment that you have made to your diplomatic readiness, as you say.

I wanted to touch on one relatively small issue but one that is important to me, and I think to our country right now, and this is an effort that I started actually with Lee Hamilton who will be speaking in a moment, and then chairman of the Budget Committee, John Kasich, and it has to do with protecting our tropical forests around the country and doing so in a market-based way. It includes the debt-for-nature swaps that actually were begun in the previous Bush administration, as I know you recall, under the Enterprise for America's Initiative, and we have now expanded on that. We now have a global program for debt-for-nature swaps, in other ways using the market forces to preserve tropical forests.

As you know, we have about 30 million acres a year now being lost, larger than the State of Ohio that I represent, in fact larger than the State of Pennsylvania and larger States.

Our notion here is to begin to slow that disruption and begin to protect those forests that are so important for the air we breathe

here in the United States. They are obviously big carbon sinks, and there is a big concern now about global warming. Certainly we know this is one way to reduce greenhouse gases. They also regulate rainfall and coastal resources on which we depend. They also, of course, are the primary breeding ground for new medicines and foods having anywhere from 50 to 90 percent of the Earth's terrestrial biodiversity. It is, I think, a wonderful opportunity for you, having a market-based approach to governing, to take this program which frankly has languished over the past few years in the previous administration, and using the appropriation that Congress has provided, and I hope expanding on that.

In the campaign, the President addressed this and you talked about it in your budget where I noticed that it was also mentioned and there was a commitment made to expand on this program. I just wondered if you had any comments on that this morning and certainly would be very interested in working with you on being sure that Congress gives you the authority you need under the Tropical Forests Conservation Act and also helping you with individual countries. We have done an agreement, as you know, with Bangladesh and there are nine other countries that have expressed official interest; there are five other countries that have expressed informal interest in proceeding with this, and I wonder if you had any comments on that this morning?

Secretary POWELL. It does have our support and we will be following it very closely. Commitment to heavily indebted poor countries is contained in the trust fund that is in the budget, and debt reduction for tropical forest countries would also be covered by a small amount of carryover funds that we have in the budget as well as a transfer authority that we are going to use for fiscal year 2002 funding. So, yes, sir, we will be following. It will have our priority.

Mr. PORTMAN. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. SUNUNU. Thank you, Mr. Portman.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Sununu.

Mr. Secretary, my constituents are just delighted at the interest that you have taken in their personal lives and professional careers, and I thank you and I trust it is going to be sustained.

We have literally a whole world of issues that we could bring before you. We are both having trouble seeing each other through Rush here, but let me just focus on the first two that you mentioned, South America and the Middle East.

In terms of South America, I am looking at your budget here and there is no money for Plan Colombia. Of course, I assume that is because this is BA and outlays there is going to be a substantial amount, but I trust that this doesn't reflect a diminution of commitment.

Secretary POWELL. You will find the Andean Initiative right above it.

Mr. MORAN. All right. All right. It is all in the Andean Initiative.

The other concern, of course, is the fact that international disaster assistance shows a reduction of one-third. As Jim McDermott mentioned, we have, many of us have serious concerns with what

happened in India and El Salvador. In El Salvador, a substantial portion of the population, is homeless, and the amount of money that has been recommended actually is less than a fifth of the money that we were pouring in in the 1980's to support right-wing paramilitaries. Now that they have a stable society and economy, I think it behooves us to make a sufficient investment to enable them to get on their feet. Otherwise we do suffer some direct consequences, not to mention the humanitarian concerns.

In terms of the Andean Trade Preferences Act, you know, it doesn't make sense, and I trust that you will agree, to be pouring money into the military if on the same hand—or at the same time we pass a CBI initiative that moves thousands of textile jobs out of Colombia to the Caribbean. The principal reasons all these farmers, of course, are involved in growing coca leaf is there is no other alternative economic opportunity. So I would hope that we are going to push for the ATPA and not just for Colombia, for Bolivia which has done such a great job. They need to export, for example, alpaca and llama. That is not competitive with us, you wouldn't think. We need a Free Trade of the Americas Act in the context of a fast track authority. If you want to say anything about that, I would be very pleased. I am going to talk real fast because I don't have a lot of time, so you can pick and choose what you want to talk about.

In terms of the Middle East, I was there at the same time that you were and was struck by President Mubarak's attitude and King Abdullah, as they are our friends and they are under a great deal of stress, political, economic, social stress. They are losing the support, at least moderate leadership is losing the support of the people on the street.

The anti-American attitude, what I guess I would call anti-Zionist attitude, in the Islamic countries is at a height that is of great concern, should be of great concern to us. Extremism is going to increase before it is abated. I am very much concerned that once Arafat goes, you are going to have a bunch of warlords that head the different extremist factions. But Ariel Sharon becoming minister—even with Shimon Perez as defense minister—is problematic in terms of our ability to moderate that region of the world. Not only does it have implications for the economy in terms of energy supply but also in terms of national security.

I would like to get your take on what you think we can be doing to neutralize some of that extreme anti-American attitude. We talk about democracy and free enterprise being our principal objectives. I think democracy is problematic in many of the countries in the Middle East. We need to keep those leaders in power whatever it takes. Also in terms of the sanction on Iraq, reluctantly I am beginning to agree that relieving the economic sanctions but getting even tougher on the military sanctions may be a more appropriate way to go. Saddam is beating us in terms of public opinion. He is becoming the martyr; we are becoming the bad guys when it should be just the opposite. I would like to get your take on the Middle East, particularly, if you do not mind, Mr. Secretary. At this point, I probably exhausted my 5 minutes.

Secretary POWELL. I will start at the top and go down. As your constituent, I feel obliged to respond fully.

Mr. MORAN. You can also bring up the Carlucci report since Frank is a constituent too.

Secretary POWELL. The Carlucci report is very useful. Andean trade preferences before free trade for the Americas we are going to be pursuing at the summit next month in Canada. Trade preferences—I think we need fast track authority and we will be coming forth with that.

With respect to the Middle East, because of all of the items you mentioned and all of dangers that exist in that region, that is why I made my first trip out of the country, other than the 1-day trip to Mexico, to the Middle East to consult with the outgoing prime minister in Israel, the incoming prime minister, to talk to President Mubarac and King Abdullah and King Fahad and all the other leaders in the region to stop and talk to President Assad of Syria.

It is a dangerous area. In order to start stabilizing this, we have to do two things. We have to get the cycle of violence going back down in the other direction in Israel so that we can begin to see economic activity flow again, and we can bring some hope to the Palestinian people and security to the people of Israel. And only when we start going back down that escalator of violence, can we start to see the opportunity for getting negotiations started again on the peace process, which ultimately has to be the solution of the region.

I agree with you with respect to Iraq. What I discovered when I became Secretary of State is the sanctions policy was beginning to collapse. What we are trying to do now is not to ease sanctions but to save sanctions from totally collapsing. That is why I have been working with our moderate Arab friends in the region and working with members of the Permanent Five in the United Nations to figure out where there is a floor that we can all rally around and bring the coalition back together. I am concerned about anti-Americanism. And you will see that the administration will devote a large part of its energy and attention to the issues involved in the Middle East and the Persian Gulf. They are increasingly linked in the minds of the Arab public, and we have to take that into account.

Mr. MORAN. Just on that. The Jordan trade deal is so important to Jordan, and yet I see a weakening of our resolve to get it passed.

Secretary POWELL. We are committed to it, and Mr. Zelleck and I have been in conversation about how to move that. And we also have the Chilean agreement and Singaporean agreement behind it, and so we are committed to it and I am working on it and I discussed it with King Abdullah just 2 weeks ago.

On international disaster assistance there is really an increase over the requested level of last year. The numbers of the chart are offset by the supplemental of roughly $135 million that gives you a higher overall spending base for 2000, but it is about a $36 million increase over what was requested in 2001.

Mr. MORAN. That is encouraging. Thank you, Mr. Secretary.

Mr. SUNUNU. Thank you. The gentleman from Illinois, Mr. LaHood.

Mr. LAHOOD. Well, you covered about half the world there, Jim. You did a pretty good job. I will take the chairman's suggestion and

ask one question. Before I do, I want to tell you I was recently in Vietnam; and while I was there, Ambassador Peterson had received a phone call from you, and I want to congratulate you and the President for asking him to stay on. He is doing a marvelous job there. The treaty between Vietnam and the United States is important, and I know you know that.

I really want to pick up on what Mr. Moran had to say. During the time that I've been in Congress, I have been very, very interested in Lebanon; and I must say that I am a little disappointed on your trip to the Middle East. You visited every country but Lebanon. I have said the same thing to the previous administration. It took 7 years for Secretary Albright—7 years into that administration for her to make a trip to Lebanon. I know Lebanon is a small country and it is the stepchild in the Middle East.

I have been there 5 years in a row. I know all the leaders. I have taken an interest in Lebanon. I would really encourage you to give Lebanon encouragement, to take an interest in Lebanon. They are an integral part in the peace process there, and I hope at some point your administration and you personally will take an interest in Lebanon and include them in this peace process. They have been excluded.

And I want to say a word about their embassy because I visited it every time I have been there. You got a wonderful ambassador there; he's a career ambassador. He is doing a great job with a great staff. They need a new embassy there. I see in your statement here that you will be building some new embassies. I hope at some point you will put Lebanon on your list, because they are hunkered down in a bunker surrounded by barbwire. And as you know, many years ago their embassy was destroyed. The people there, as you know, are hard-working people and really dedicated people. I don't level this criticism at you, Mr. Secretary, because I talked to the previous administration about this.

And I guess, finally, my question is, have you assigned someone within your administration to really work on Middle East issues? I know Dennis Ross was sort of the guy that was identified under the previous administration. I do not know if there is a Dennis Ross for your administration; but if you can comment on any of those, I would appreciate it. Thank you very much.

Secretary POWELL. First, on Vietnam, thank you for your comment. Ambassador Peterson does a terrific job. He was in town last week, and I met with him and I should add the Vietnam trade preference agreement to the ones we are also looking at. He is very anxious to see that happen. I plan to visit Vietnam later in the year for meetings.

With respect to Lebanon, it was not an act of neglect or negligence on my part. I very much would like to have been able to visit Lebanon in addition to the other countries I visited in the region. I did not get to all of them except Lebanon. There were quite a few I missed. I have heard about that as well. But I tried to hit seven countries in three continents in 4 days. That was the most I could do. I did ask my assistant secretary, Ned Walker, to backtrack for a week behind me and he was able to have conversations in Lebanon and reported on those conversations.

With respect to Dennis Ross's portfolio, I have decided to take that free-standing office and move it back within the Near East and Asian bureau so that we can look at the whole area as regional and not just in terms of a peace process. All these things are linked. It suggests no lack of interest in that portfolio, but I believe it can be better handled on a regional basis as part of the bureau. As negotiations begin again and if there is need in the future for special envoys or somebody to focus on that specifically, I already have ideas on how to do that and names in mind, and it will be part of the NEA bureau and not a free-standing organization.

Mr. LAHOOD. How about the embassy?

Secretary POWELL. I have long years of experience with that embassy situation in Lebanon, and I will take a look at it. I cannot give you a promise this day because the needs around the world are great.

Mr. LAHOOD. Thank you very much.

Mr. SUNUNU. Thank you, Mr. LaHood. Ms. Hooley.

Ms. HOOLEY. Thank you, Mr. Chair. Thank you, Mr. Secretary, for being here. I have actually one short question, and this goes back to Plan Colombia, again. Last year, we dedicated a billion dollars to Plan Colombia, most of that for military, and to go along with that was another $7 billion from Colombia and the international community. Obviously this was not only to eradicate their coco and poppy plants but to give them some other way to earn a living. And the Europeans have backed away from their commitment. Colombia has not put in what it was supposed to put in.

How much are we going to spend this year on Colombia? Is that going to be military? Is that going to be for sustainable development? And how do we get the other European countries interested in putting in their fair share? It does not look to me like Colombia can put in their fair share. They owe money to the IMF. What is the situation? What are your intentions in that area?

Secretary POWELL. We are working with the European nations that made a commitment to Plan Colombia to meet those commitments. As we present this year's plan, which is part of the overall international narcotics control and law enforcement function of $948 million, a good piece of that will be for Colombia. But there will be quite a significant amount of funding for other countries in the region: Peru, Brazil, and others.

As we unfold that plan this year, we will be working with the Europeans at the beginning of the process, rather than later in the process, to get their support for what we are trying to do and get them to make their commitment. The Colombians have not been able to come up with their total amount committed yet because of some of the economic difficulties you have touched on, so we are working with them. But at the same time we feel that we have to go forward with our obligation and continue the Andean Program we have in mind because principally the major source of this problem is in the United States, the streets of America where these drugs are being consumed.

This is the demand that we are creating that is causing Colombia the problems that it has. So we have an obligation that we talk about all the time to drop the demand level. And if we get the demand level where it ought to be, near zero, then Colombia will not

find itself in danger of losing its democracy. Colombia will not find itself fighting narcotraffickers and terrorists. So I think that we have to set the example in giving the kind of funding that this plan requires and encourage others to meet us in setting their example.

Ms. HOOLEY. I understand the problem, like you said. Can you tell me specifically what you plan to spend and how is that going to be divided between providing arms to the police force and military there versus sustainable economic plan.

Secretary POWELL. For example, Colombia—every country is covered: Colombia, Peru, Bolivia, Ecuador, Brazil, Venezuela, and Panama. In Colombia the actual interdiction effort will be $252 million and then alternative development, institution building and all of the other things you have an interest in is another $147 million, for a total of $399 million.

Ms. HOOLEY. OK, so the $147 million is considerably lower than what we put in last year. Correct?

Secretary POWELL. Yes. Last year was the biggest expenditure for the helicopters, and we put the helicopter capability in. This is a lot less. Not $1.3 billion, but $399 million out of $731 million goes to Colombia. The rest of the money goes to the other nations in the region as part of the Andean strategy.

Ms. HOOLEY. Are we going to get help from the European countries?

Secretary POWELL. We certainly intend to get help. We intend to ask them to make the commitments they made previously and to support this effort. How successful we are remains to be seen.

Ms. HOOLEY. Thank you.

Mr. SUNUNU. Thank you, Ms. Hooley.

Mr. Secretary, as you know, we will hear from Senator Rudman and Congressman Hamilton, two members of the U.S. Commission on National Security. I don't want to steal any of their thunder, but I would ask if you could address a couple of the specific recommendations that came out of the Commission's findings. First, in their report there was a quote that the Department suffers in particular from an ineffective organizational structure in which regional and functional policies do not serve integrated goals. Second, they recommend that the activities of USAID, the Agency for International Development, be integrated more completely into the State Department.

Could you address these two recommendations. What kind of a process have you established for either acting on or making a counterrecommendation to their work and then maybe touch on any other specific findings of the Commission that you would hope to address early in your tenure.

Secretary POWELL. One finding I can touch on that I thought was very helpful and that I think that has already happened—and it was an observation that the Commission made with respect to, not just with the State Department but the National Security Council in making sure there was a proper division of roles. The State Department is a primary actor for the President with respect to foreign policy, and the NSC is in more of a coordinating role. Some of the authorities that may have drifted from the State Department over to NSC, I think we have been successful in returning to the State Department.

I think that concern that the Commission had we have done a good job of dealing with. With respect to USAID to begin with, I have gone over to USAID, I have visited with them. I started to get into the intricacies of their organization and structure and how they allocate money. They know clearly that they are a fully integrated part of the Department of State even though they are separate. I am not at a point where I think they ought to be totally folded in organizationally to the Department of State as USIA and ACDA were. Some people made that suggestion. I am not at that point.

But they clearly know that they work for the Secretary of State and through me they work for the President. That is clear. I have a transition team over there now that is still coming up with organizational and other recommendations and taking also to heart some of the recommendations that have come from Senator Helms and members of Senate Foreign Relations Committee with respect to having more of USAID assets and funds being delivered through private organization and nongovernmental entities.

With respect to the specific recommendation from Senator Rudman and the Commission on organization of the Department, they presented a model that is quite a departure from where we are now, and that is essentially to take the geographically oriented regional bureaus and the functional bureaus that have grown up in the last 10 or 15 years and integrate them so all of those functional activities are performed in regional bureaus. This is very controversial. We may want to get there at some point in the future, but this is a step too far for me to undertake right now.

I have got a lot of work to do, a lot of studying to do; and when I spoke with Senator Rudman and the other members of the Commission, I thanked them for that game plan and that blue print. But they also recognized that if I were starting to try to do this today I would spend my whole 4 years or 2 years or 1 year or 2 months as it may be as Secretary of State, we don't know, I would spend all my time just sorting out who sits where in the organizational pieces.

I am a believer in the following proposition: reorganization is not always something you do for people; it is something you do to people on occasion. And I want to do something for people. So we want to make sure that we understand what the consequences are of moving to the kind of organizations suggested by the Commission and work with the Commission in the months and years ahead to figure out where we ought to go. It is a traditional debate between regional orientation and functional orientation, and I think the answer is to have a combination of the two.

Mr. SUNUNU. If you were to choose at some point to make modifications in the organizational structure, move more toward that integration, do you require implementing legislation to do it?

Secretary POWELL. I may well require implementing legislation to do it. I discovered that a lot of the organization within the State Department that I might come in tomorrow morning and say I want to get rid of it, not so fast Mr. Secretary, that is by law. That little four-person cell. When I looked at all the special envoys that we had in the Department, these are people that are doing work outside or they have additional titles, there were 55 of them. I was

able to get rid of something like 22 of them just like that, but there are 7 of them in law, separate free-standing offices and I respect that the Congress had a very specific intent with each and every one of them.

So I would have to get legislation if I thought it appropriate to eliminate any of those envoys, for example, or some of the other organizational bodies that are within the Department that have been put there specifically by law, for good well-intended purposes, useful legitimate purposes; but nevertheless I need legislation if I found that a change was appropriate.

Mr. SUNUNU. Finally, could you expound very briefly on the arguments against, or your concerns about, greater integration of USAID into the Department.

Secretary POWELL. By greater integration if the thought is——

Mr. SUNUNU. Basically the Commission recommendations.

Secretary POWELL. If you break up USAID and move it all the way into the Department, I am not prepared to say that this is not the manner in which we should move. I am prepared to consider the idea, but I am not prepared at this stage——

Mr. SUNUNU. What are your concerns or what do you think the down sides are?

Secretary POWELL. We are still absorbing USIA and ACDA, a pretty good job of integration, but there are some issues remaining. And just dealing with the personnel dimensions of such an integration, to suddenly take on today and say oh yeah, I am going to bring USAID in the same way, there are significant challenges to my span of control; how I would deal with, how I would integrate that organization within the State Department in the way we did with USIA and ACDA, and I am not in a position yet to say that that would be a very good idea.

Mr. SUNUNU. Thank you, Mr. Secretary. Ms. McCarthy.

Ms. MCCARTHY. Thank you. Welcome, Secretary Powell. I want to go back to the budget issues. We have asked so many questions on both sides, talking about the problems that are going around this country; but I think we are missing the point because I know it is very hard sometimes when we go back to the districts and explain why we support foreign aid and everything else like that. And I am hoping while you go across this country that you can explain what the State Department actually does, because it is easier for us to work with you if people actually understand everything about it.

I want to go back. Most of the questions that I wanted to ask about the Middle East have been answered, but again I think this is where you can come in on why Israel and the Middle East is so important for this country to see peace there. You know, because they are our allies. A lot of American people do not actually understand that and they do not—so they do not understand why we are always defending Israel.

My concern is with the Middle East peace problems we have there—I have to talk about Ireland. We have got St. Patrick's Day coming up. I am hoping that we will be able to go over there because we see economic opportunities starting to bring peace there. It works out very well for us in America because the trade is picking up constantly.

The other thing I want to bring up especially is safety in our embassies. We have seen and we have learned a great deal from the Oklahoma bombing, that as we hopefully bring safety issues and security issues up into where our men and women overseas are working, that you really look into safety glass. I know it is expensive, but the amount of lives that we have lost in Oklahoma just because of flying glass especially to the children was astronomical. So all the new buildings, everything that we look at where our men and women are working should have this facilities.

And this is, again, where we can help you here on the Budget Committee. I, you know, looking at the State Department funding, I have to say that I am nervous that we are not going to have the money to be able to do the job that you have to do; and I do have concern about that, and I am hoping that you certainly will fight and work with us to make sure that you have the funding. It is really, really important. So with that, what funding needs do you predict we are going to need to promote peace in both regions, Ireland and the Middle East?

Secretary POWELL. We will work hard in both places. I met with a number of leaders yesterday, the Deputy Minister, and I am going to be meeting with Gerry Adams and Prime Minister Ahern and participating in all of the activities in the next 2 days. I committed to them yesterday, Mr. Trimble and Mr. Mallon, that I would be working very hard to help them move this process along. The President will make the same commitment in the next 2 days as he participates in these activities.

Israel is a friend and partner and Israel's security has always been a major priority of the American people and the American government and will remain so in this administration.

With respect to safety issues and safety glass, let me for the record look at the specification that we are using in light of recommendations that have been made to make sure that we are satisfying the concern that you raise, ma'am.

Ms. MCCARTHY. Thank you.

Mr. SUNUNU. Thank you, Mr. Secretary. I just want to let members know that we have probably only about 10 or 15 minutes more of the Secretary's time. I have five remaining members on the questioning list: Mr. Brown, Mr. Moore, Mr. Kirk, Mr. Matheson, and Mr. Collins. I would certainly appreciate it if members can be brief in their questioning in deference to the Secretary. Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman. Welcome, Mr. Secretary.

Secretary POWELL. Thank you, sir.

Mr. BROWN. My question will be brief. I would like for to you expand upon the unilateral peace-keeping forces we have around the world. I know we have a lot of hot spots, and I know sometimes the missions require our efforts to be spread thin. Could you elaborate where we are on that?

Secretary POWELL. The two commitments that we have currently that seem to get the most attention of what we are doing are in Bosnia and Kosovo. In both instances, the number of U.S. troops committed has dropped considerably in the last number of years. In Kosovo we were getting ready to move out several hundred U.S. Troops who are no longer needed. We are bringing out some units that are currently above the level authorized. So we are starting

to draw down consistent with the mission and consistent with our obligations having gone in as part of a great alliance, coming out as part of a great alliance.

But there are other forces that we keep around the world that are performing peace-keeping missions that we sometimes forget about, whether it is the forces we have had in the Sinai for so many years or whether what we do in Korea on a day-to-day basis, there are 37,000 troops. They are there to deter war, and in the process they are keeping the peace. So there is a long list of such forces of Bosnia, Kosovo, Korea, the Sinai. One could argue what we are doing in the Persian Gulf area—with the presence of troops in Kuwait, we saw the tragedy the other evening—that it can sometimes be dangerous.

All of these are for the purpose of representing our interest in keeping the peace. And to that extent they are serving nobly and serving in a noble cause, for the cause of peace. Not just peace in some existential term, but a peace that benefits the United States and benefits the American people, that creates an international environment that permits trade, that permits us to have jobs in this country where we can produce goods that go across the oceans and go into nations that we have helped achieve peace and we have helped to improve their health so they can work and create wealth, and that wealth comes back to us in the form of purchases.

And so peace-keeping should not just be something seen as something that we send military off to do. It is part of our overall foreign policy, and it is part of us creating circumstances around the world that benefit us trading-wise as well.

Mr. SUNUNU. Thank you, Mr. Secretary. Mr. Moore.

Mr. MOORE. Thank you for being here, Secretary Powell. And I just want to say I think a lot of Americans believe, as I do, that your service, especially your military service, exemplifies the idea that a strong military is not about war, it is about peace as you just said and I appreciate that.

I had the opportunity to be in Israel 2 years ago and met with at the time Prime Minister Barak and also Chairman Arafat; and at that time both spoke very optimistically of peace in Israel and the Middle East. Since then things have deteriorated badly. And you said just a few minutes ago that one thing that we should try to do is to try to find a way to decrease the incidents of violence in Israel and the Middle East.

Number one, do you have any specific recommendations as to how that might happen? And number two, just generally with regard to sanctions, Iraq, Cuba and others, I wonders if you could talk to us just briefly about your thoughts about it—and certainly nobody here is supporting Saddam Hussein or Fidel Castro but I think a lot of people on a bipartisan-basis do share concerns about the well-being of the people in those nations who bear no responsibility for their leaders. I just want to hear your thoughts about that, if you would please.

Secretary POWELL. Reducing the cycle of violence, it is going to take the leaders in the region to do that. What we are doing, every way we know how, is encouraging the leaders in the region to recognize that we are not going to move forward; we are not going to find a way for these two peoples to live in peace and harmony and

for them to achieve their God-given dreams and ambitions unless the cycle of violence is stopped and we go back down. And I must pass this message out at least five or ten times every day in every way I know how, as does the President.

With respect to sanctions, sanctions can be useful. For example with respect to Iraq, they have been very useful in constraining Saddam Hussein's ability to build his military back-up or to develop weapons of mass destructions. Sanctions in the last 10 years really have been a constraint on him and kept him in a box. My concern is losing those sanctions and they are starting to be attacked because we are hurting the Iraqi people. So we should clear that out of the way and make sure the people see that the sanctions are directed against weapons of mass destruction. Sanctions should be targeted.

Sometimes they work and sometimes they do not work, and we should always be evaluating when they work and do not work. And when we have a place like Cuba where we can find ways to help the people directly and not through the regimes which will turn any effort to help make them into a way for them to stay in power, when we can gets things directly to the people and we should examine that. In the case of Castro's Cuba that has been a difficult thing to do. We are not going to release the sanctions that we had in place, the embargo we have in place, which he uses to remain in power. And to take advantage of any opportunity someone would want to give him to benefit his people, he turns that to his own advantage.

Mr. MOORE. Thank you very much, Mr. Secretary.

Mr. SUNUNU. Thank you, Mr. Moore. Mr. Kirk.

Mr. KIRK. Mr. Secretary, I was on the other end of the phone line with you when I was in the Navy Command Center and you were in Haiti. I remember the duty captain saying, Mr. Secretary, "you need to leave right now."

Secretary POWELL. Yes. Somebody forgot to tell us an invasion was under way at the moment.

Mr. KIRK. I remember he said you must leave the Commandarcia because H hour was about an hour later, and you said, "I am not leaving;" and you completed the deal with Haiti about an hour later. It was a tour de force.

Secretary POWELL. It was a very dicey afternoon. Some day I will tell what it was like to run out of the top floor of that building, President Carter going one way and I went another way, and I suddenly discovered I was in the back of a Land Rover with hand grenades rolling around on the floor; AK-47's and M-16's in every corner and I am all alone with my new friends.

Mr. KIRK. Let me put it this way, we were watching you.

Secretary POWELL. Yes, sir.

Mr. KIRK. Mr. Secretary, I am a total supporter of the International Affairs Budget Function 150 and will be working in this committee to get it up. But I am a little concerned that your Management "M" bureau is eating your Security Assistance "T" bureau alive and let me be very specific. This is what your State Department funding looks like (chart shown) and you have got to check with your budgeteers because your Machine-Readable Visa Fees

are going through the roof, a number that the State Department generally does not like to advertise to its budgeteers up here.

And as these State Department numbers go up, this security assistance number (chart shown), which is the number upon which Israel depends for funding the Arrow Missile and the Ground Base Laser. We have an increasing overall $60 million commitment, but that account is in a sharp decline. So the diplomats are getting the cookies and our allies and the security-assistance needs are suffering. So that is one concern I want to raise with you.

The second concern in an entirely different area. We have 500,000 Korean-Americans here separated from their North-Korean families. The reunification of South-Korean families with their North-Korean families is uppermost in Seoul's mind. But it has never been raised on the U.S. and the North Korean DPRK agenda. I am wondering if you can raise that with the DPRK next time because we have a lot of Korean-American families that would like to be a part of the unification dialogue.

Secretary POWELL. I would like to take that aboard. As you know, we are still formulating our approach to North Korea and we have had good discussions with the South Korean president, Kim Dae Jung ,when he was here last week; and I would like to take that aboard as one of the items that we will put on the agenda. With respect to this very impressive chart, allow me to go to work on it. There are a lot of things in that regular State Department funding that really do help us deliver the services to those countries that you made reference to. And so I understand the point you are making, sir, and give me time to work on it.

Mr. KIRK. We have got a commitment to increase security assistance to Israel by $60 million a year so we want to make sure they are not on a sinking-budget ship.

Thank you very much, Mr. Chairman.

Mr. SUNUNU. Thank you very much, Mr. Kirk. Mr. Price.

Mr. PRICE. Thank you very much, Mr. Chairman. Thank you for being here, Mr. Secretary. We have covered a lot of ground this morning; and you have been very adept at doing so and I am encouraged to hear what you have to say about embassy security, your commitment to making up for some lost time in providing that funding, information technology. As well as your commitment to seek more adequate funding for Function 150 in future years, which I think has been repeatedly demonstrated to be inadequate as the budget documents now stand.

I am interested and encouraged by your comments on the Middle East and the Middle East peace process. I understand your decision to back off, at least for now, from intense day-to-day involvement in Israeli-Palestinian negotiations; but I must say that I do not believe we will make much progress on the broader front as long as that conflict festers and the provocations and the retaliations escalate on both sides. Moreover, our friends in the region, as has been stressed to the leaders of these moderate Arab states, are placed in the greatest political jeopardy and are going to continue to be as long as that violence continues and a just settlement is deferred. So it is an explosive situation.

The parties, of course, came heartbreakingly close to agreement and that, in some ways, has contributed to the high level of frus-

tration and recrimination now. It has intensified. But I think how close we came demonstrates both the possibility and the necessity of a long-term settlement that is fair and can be effectively defended by all of our friends in the region.

I am encouraged that that is where you took your first trip and that is where you are placing so much emphasis. I do think that challenge will remain and must remain on the front burner.

Secretary POWELL. We were ready to engage, sir, but the process came to a stand still. It came very close. I would like to say it was about there. But it is not there any longer. It is now separated and different levels. And we have to give Mr. Sharon time to put his government together, which he now has, and give him time to formulate a negotiating position which he feels he can support and sell to the Israeli people. It will be hard for him to do that in this current situation of intense violence. But when we get that violence down—and I think ultimately all sides will see it is in their interest to do or else we cannot move forward when we are ready to move forward—you will find that the United States will be ready to play in the traditional leadership role it has played in Middle East peace.

Mr. PRICE. I am encouraged by that. I do think a reduction in violence is a precondition for progress. I also think that the temptation to violence and the provocations to violence do depend also on some hope and some signs of progress in getting the larger issues settled.

In terms of specific questions, let me turn very quickly, and I think very precisely, to the Peace Corps and the future of that program. You touched on it briefly in your testimony. You were looking, though, in terms of dollars at a, rather modest increase, in the 4 percent range in nominal terms and probably about even funding in current services terms. What is the future of that program in your view? Do you foresee any major or significant changes in the scale of the program, and the focus of the program, the level of volunteers that are supported by your budget numbers? Could you just give us a snapshot of your thinking about the Peace Corps?

Secretary POWELL. I think the Peace Corps has done a marvelous job. In fact, I just received invitations to the 40th anniversary celebration this September, and I look forward to that. It will enjoy support from me, from the State Department in the President's budget, and I suspect the future President's budget as well. Will there be an enormous growth in the Corps? I do not anticipate that. I do not anticipate that it will be cut in any way as well. We are funding it. There will be a modest increase, and it will continue to do the fine job that it has done in the past.

Mr. PRICE. Thank you.

Mr. SUNUNU. Thank you. We have two remaining questioners, Mr. Collins and then Mr. Holt.

Mr. COLLINS. Thank you, Mr. Chairman. Mr. Secretary, Japan was mentioned earlier. I recall in 1997 prior to traveling to Japan with several Members of the House we had contacted the State Department to inquire as to what information we needed to know prior to our arrival in Japan and then also if we had a message that we needed to deliver on the part of the State Department. The knowledge that we received, the information was that the economy

in Japan was in serious trouble, that banks were facing substantial outstanding loans, and a lot of it was due to the fact that the Japanese people were hoarding their money, saving their money rather than spending it in the domestic marketplace. Our message from our State Department in 1997 was to encourage the Japanese government to reduce taxation, to encourage the people of Japan to spend their funds in the domestic market place. The response was tax reduction in Japan is difficult due to social spending requirements and the threat of political fall out. Sound familiar?

Secretary POWELL. Yes, sir.

Mr. COLLINS. My question, Plan Colombia or the Andean region, the Congress is appropriating and will continue to appropriate billions of dollars, a substantial amount of money, taxpayer money, to interdict and eradicate drugs in the region. Are you comfortable and what assurances can you give us that the leadership in the region has the will to sustain the initiative once the well-financed and heavy-armed drug cartel is engaged?

Secretary POWELL. With respect to Colombia, there is no doubt in my mind that President Pastrana does have the will and is committed to it and is taking chances for democracy. He knows his country is at risk if he is not successful. He also knows it cannot be a one-time shot. If he is successful, he has to continue to build on that success and not step back from it. I also believe, in any conversations with foreign ministers who come from other armies of the region, that there is a similar commitment.

And when we have met with President Fox of Mexico at the summit, President Bush's first summit, I found a similar commitment with respect to drug supply and eradication and interdiction efforts. They all know that they have to help us with this problem because it is putting their nations at risk. And so I am confident that kind of political commitment and support will be there.

Mr. COLLINS. Thank you and welcome, sir.

Mr. SUNUNU. Thank you, Mr. Collins. Mr. Holt.

Mr. HOLT. Thank you, Mr. Sununu; and, Mr. Secretary, thank you for giving us your time and thank you for giving the American people your experience. Like Mr. Thornberry and Mr. McDermott, I too worked in the State Department; and I am a big promoter of Function 150. Like Mr. McDermott, I would also urge you to give every consideration to $100 million or something on that order for reconstruction aid in India.

But the question I would like to turn to comes from my reading of the budget. As I see it, the conduct of the foreign affairs, that category meaning maintaining embassies and consulates and activities in Washington and payments to the U.N. and so forth, appears to be increasing while actual foreign aid has been dropping. Now recognizing that diplomatic activities and aid help, to use the words of the Carlucci task force to avoid, manage, and resolve crises and to deter aggression, how can we see to it that Function 150 funding especially foreign aid is considered in the strategic review that Secretary Rumsfeld is conducting in the Department of Defense?

I am not suggesting that you cede any of your budgetary authority to him or that we cede any of our budgetary authority to bal-

ance the needs of the two departments. But it seems to me we should be taking a look at that.

Secretary POWELL. We have had serious conversations on this subject within the administration, as you might expect, and I think Secretary Rumsfeld would be the first to agree with you and me that Function 150 is an essential part of our national security activity as is the Army, Navy, Air Force Marine Corps. So I have received support from my fellow cabinet officers from the national security world and national security advisors and others within the administration that we have to do a better job within this functional area.

There is a slight increase in the foreign aid account. It is not as much as we would like to see it, but I think the President was generous in allowing us to take this first step. There is a higher increase in the Commerce-State-Justice piece of it because I had a very great need there, which is being recognized. And I hope in future years as we move forward you will see both accounts as part of overall Function 150 growing and that is the case I intend to make to OMB and to the President, the thoughts of my fellow cabinet officers.

Mr. HOLT. Thank you, Mr. Secretary.

Mr. SUNUNU. Mr. Secretary, I want to thank you for your time, for your testimony. I wish you good luck in your service and thank you for past service. I apologize to those members who did not get an opportunity to question, but thank those that did for their brevity. Thank you, Mr. Secretary.

Secretary POWELL. Thank you, Mr. Sununu.

Mr. SUNUNU. As we bring the next panel forward and have them take their seats, I wanted to welcome both Senator Rudman and Congressman Lee Hamilton. We will have them take their seats and offer their opening testimony. We do have a 15-minute vote on the floor. Once we have taken their initial testimony, we will if necessary recess briefly so that members can vote. But it is my hope that we can continue the questioning through the vote and thereby not interrupt the proceedings or delay the Senator or the Congressman.

STATEMENT OF HON. WARREN B. RUDMAN, CO–CHAIRMAN, AND HON. LEE H. HAMILTON, MEMBER, U.S. COMMISSION ON NATIONAL SECURITY/21ST CENTURY

Mr. SUNUNU. I want to welcome both our panelists, Senator Rudman and Congressman Hamilton. They both have outstanding records; and you know if there were a contest to find two people that were more highly respected by members of both sides of the aisle in their respective bodies, it would be difficult to find two better examples. I would of course have to side with Senator Rudman for regional and personal factors. And I want to welcome them both.

I do not have lengthy introductions for you, but your work is well known. Congressman Hamilton is the director of the Woodrow Wilson Center for International Studies. Senator Rudman most recently served as the President's Chairman on his Foreign Intelligence Advisory Board. They have worked long and hard to produce an assessment of the United States national security needs

and needs of the State Department in areas of international affairs. We could not have two better witnesses prepared to talk in depth about their work and about some of the proposed changes or reforms, modifications to the way we conduct our national security affairs in the United States. They have prepared a joint statement, but I wanted to offer them both whatever time they might consume to elaborate on that joint statement, to offer personal observations, and to highlight what they think the most important elements of their findings were. And with that we will begin testimony from Senator Rudman. Welcome, Senator.

STATEMENT OF HON. WARREN B. RUDMAN

Senator RUDMAN. Mr. Chairman, thank you. It is a particular pleasure to appear before you, Congressman Sununu, for obvious reasons. Our families go back a very long time. I also find it interesting that my Congressman, Congressman Charlie Bass, is also on the committee and I had a chance to talk with him this morning. I am personally delighted to be here. I am pleased to appear with Lee Hamilton. We have collaborated together over a long period of time when we both served in the Congress. You have my statement. I am not going to read the statement. The statement is there. It is a short statement, and it emphasizes what I think the Commission believes is important.

Let me simply say the Commission, for those who are not familiar with it, was a congressional initiative, essentially established by then Speaker Gingrich and then President Clinton and supported by the Department of Defense to study America's national security needs in the 21st century. We took a broad view of our mandate, and we looked at national security not only in terms of DOD, of course, and the intelligence community, but Treasury, economics, education, science, and, of course, the State Department. Let me just highlight three or four points which you discussed in your questioning collectively with the Secretary this morning. We have met with the Secretary, and we will continue to meet with him to highlight the issues that we have brought to his attention.

Of course, the Commission was bipartisan and broadly based. We had a former commander of NATO, a former commander of the American Atlantic Fleet, heads of industry, people from the news media, people from the foreign service; and it went over a 3-year period. So we received a broad spectrum of testimony. What was fascinating was the unanimity of the testimony as it related to the dysfunctionality of the State Department in the view of those who worked there and work there presently. Let me just hit four or five points, turn it over to Lee and take your questions.

First, I think the words we heard were crippled, dysfunctional; but they were really mild in terms of what we heard in private testimony from people that have served as ambassadors and foreign officers and to hear their frustrations. One thing that Secretary Powell said—and I am glad he said and I want to repeat it—we met, in the course of our inquiry, extraordinary people.

We are not saying that the people are dysfunctional or crippled. We are saying the structure has not been put together in a way to deliver services in a rational way. Secondly, we felt that there has been a spiral of decline in the efficiency of the Department

which has led to a disconnect between the Department and the Congress. You only have to look at what has happened to appropriations which was on that chart there this morning, which shows definitely that there has been a lack of confidence by the Congress in a bipartisan way in the effectiveness of the Department. The result has been a transfer of many responsibilities of the State Department into the National Security Council. I am glad to say that this administration has now reversed that: one of our key recommendations is that the State Department is where diplomacy should take place and policy will be created, and the DSC becomes a coordinating board for the President.

Third, we believe that the amount of resources that have been allocated to the Department have been inadequate. And you have talked about that, so I will not go on. But we will say finally this, Mr. Chairman. We believe if there is going to be a major change in resources, there ought to be a quid pro quo, and the quid pro quo that we set forth that I think you alluded to in your series of questions asking the Secretary is that in return for those increased resources there has to be a definite commitment to a gradual reorganization of this Department.

The Secretary is right. He cannot do it all overnight; he cannot do it all this year. It has to be a long-term commitment for that kind of restructuring. And you might have to leave for the vote, and we can wait until you return.

Mr. SUNUNU. We will hang on a few more minutes. I appreciate your testimony. And I will offer the time to Congressman Hamilton. Welcome and thank you for your work.

STATEMENT OF HON. LEE H. HAMILTON

Mr. HAMILTON. Mr. Chairman, it is a pleasure to be before you and the Budget Committee. I am getting a little worried about your making that vote too, so do not hesitate to leave at any point. I want to make two very simple points. The first point is that the State Department is a department of government that desperately needs major reform so that it can formulate and implement American foreign policy. The second point is that it needs more resources for foreign affairs so that the United States can successfully advance and protect its interests around the world.

I worked under the very able leadership of Senator Rudman on the U.S. Commission on National Security. I will not repeat any of his comments. I also served on the Carlucci Commission, whose report I am sure is available to you and the staff. I take the view that the renewal of our foreign policy machinery is urgently needed in this country. It has to be a priority. We have to ensure that machinery and the people that make it up are fully prepared for the tasks that are necessary to deal with the kinds of challenges that we confront in the newly emerging world.

Now it just happens that the State Departments falls short, I believe, or has fallen short, for a period of years in its mission, in its skills, and in its organization. Let me just review a few of those for you, if I may. On personnel matters, the Department has a very serious problem today recruiting and retaining top-flight people. You can talk all you want to about shuffling the boxes around in the State Department, but all of us know enough about organiza-

tions to know that that does not count for a thing unless you have got quality people to move the enterprise forward. You look at their promotion systems; you look at their recruitment process; you look at their professional training opportunities; you look at the inattention they pay to family needs; you look at the grievance procedures in the State Department, and I think any reasonable person comes to the conclusion that they are woefully short.

The facilities of the Department are dilapidated and insecure. Eighty-eight percent of the embassies do not meet current security standards; nearly 25 percent of our posts overseas are overcrowded. The communications and information infrastructure is just plain deplorable. We have overseas posts today that are so obsolete that personnel cannot send e-mail back and forth to one another. Twenty-nine percent of our overseas posts are equipped with obsolete classified networks.

If you look at the internal integration in the State Department—the Secretary was commenting on this a few minutes ago, and I think he was absolutely right about it—it is just too confusing. There is no chief operating officer with authority over the administration and the budget of the State Department today. There is insufficient integration among regional and functional activities in the Department. There is a very complex division of responsibility in the Department today. Moreover, it is not just a matter of internal coordination of the Department, it is also the external communication and relationship of the State Department with the other branches of government, like the National Security Council and the Defense Department, that have responsibility in foreign affairs. So if you look at all of these problems—and I have touched on them very, very quickly—every single one of them, I think, needs major reform and attention.

Now the good news here is that we have an opportunity, a very rare opportunity, to attack these problems. You have got a new administration here. It does not have the baggage that the past administration had. You have a Secretary that has unusual stature. We all appreciate that, and I think the opportunity for genuine reform in the State Department is encouraging at this point; and I want to add the strongest possible endorsement of efforts for reform in the Department.

So that is the first point. The idea that Senator Rudman put forward, and has been put forward in several of these Commission reports, is that the State Department has to improve its effectiveness, its competency. It has to pledge to make a thoroughgoing reform of the way it does business.

At the same time, the Congress of the United States has to step forward and say we are prepared to increase the resources necessary to carry out the Nation's foreign policy. That brings me to my second and final point, and that is that we need more resources for the Department of State, and I hope that the Congress will respond generously to the request of the administration.

I am encouraged by the increase that President Bush has asked for in his budget for the State Department, but from my point of view, frankly, if you look out over the longer term, over the four or five projected periods for the budget figures, I don't think you have got sufficient resources there. Even if you focus on the year

2002, where there is a substantial increase, and I think it is one of the three departments of government that does get a substantial increase in its budget from the President so it is in a strong position in the administration's point of view. But if you look at the request, a very large portion of that increase that is requested is going to be directed toward Colombia and the Andean situation. So a lot of it will be swallowed up there.

I think President Bush's increase for the year 2002 is reduced significantly if you take into consideration the amount of money that will go to Colombia. But the major concern, I think, is not the year 2002, but it is the outyears. In short, there—if you measure it in constant dollars, the funding for international affairs, it peaks in the year 2002 and then declines in real terms by about a billion dollars a year for the next few years, I think until the year 2006.

So I think it is going to take a lot more resources to meet the international affairs requirements of the United States.

Secretary Powell has indicated he is prepared to make efficiencies and changes in the Department. I applaud that. I think there will be some economies there. There will be some efficiencies. Money will be saved. He commented this morning about reducing the number of special ambassadors or emissaries, and I think that is a step in the right direction. But I doubt very much if those changes for efficiency are going to be sufficient to free up enough money to meet the major demands and the needs of the Department in the years ahead.

So to sum up, the State Department surely needs a number of reforms to develop and carry out U.S. foreign policy effectively. It must make those reforms. It is a matter of urgent national security, in my view.

Secondly, the Congress, I hope, will provide additional resources for the Department, which it so urgently needs.

Thank you very much, Mr. Chairman.

[The prepared statement of Senator Rudman and Mr. Hamilton follows:]

PREPARED STATEMENT OF THE U.S. COMMISSION ON NATIONAL SECURITY/21ST CENTURY

Mr. Chairman, thank you for your invitation to testify before your committee and the opportunity it gives our Commission on National Security/21st Century to lend our support to Secretary Powell's call for a significant increase in the resources for the Department of State.

Our Commission focused on this century's remarkable opportunities for increasing economic growth, spreading freedom, and ending conflict. But serious threats are also on the horizon from growing economic disparities, the spread of crime and violence, and the proliferation of dangerous weapons. The State Department and U.S. embassies overseas will be key to this nation's ability to respond to both the opportunities and dangers. Especially important will be funds to undertake preventive diplomacy, provide for the security of American officials abroad, remove the shortfalls in personnel and operating expenses, and install "state of the art" information technologies.

The problem is that today the State Department is a crippled institution. It suffers, in particular, from an ineffective organizational structure where leadership and sound management are difficult to exercise. Responsibility and accountability are lacking. Foreign assistance programs and crisis response capabilities are dispersed among multiple State and AID officials. Strategic planning is divorced from the allocation of resources.

As a result of these deficiencies, confidence in the Department is at an all-time low. A spiral of decay has unfolded over many years in which those in the Congress, reacting to inefficiencies with the Department, have consistently underfunded the

nation's needs in the areas of representation overseas and foreign assistance. That underfunding, in turn, has deepened the State Department's inadequacies. The Commission believes strongly that this spiral must be reversed.

Our Commission, in consultation with a wide variety of experts, came to the conclusion that what is needed is a fundamental restructuring of the Department. Only with such a complete overhaul can you in the Congress have confidence that the resources provided will be used effectively to carry out the nation's foreign policy in the 21st century.

Mr. BASS. Thank you very much. The vote is still underway and I apologize for it. I think both of you are familiar with this.

Senator RUDMAN. We are.

Mr. HAMILTON. We are, indeed. No apologies necessary.

Mr. BASS. I have a couple of questions. First of all, I want to welcome my former Senator, Warren Rudman, who has not only been a great Senator but has continued to serve our country in many, many different ways, some of which I have had the pleasure of associating with him on, and I am glad to see you here today.

Senator, I did not hear your testimony. Is, what is it 23 and change, $23 billion, enough for fiscal year 2002 for Function 150?

Senator RUDMAN. Well, of course, we do not believe it is. However, as I said, I think as you were coming in to switch chairs with the other Congressman from New Hampshire—I think it is rather unique having the two New Hampshire congressmen chairing this committee this morning.

Mr. BASS. Let's do a little business right now .

Senator RUDMAN. I guess so. The gentleman from Texas has arrived. If you get the gentleman from Texas to work it out, you never know what you might accomplish. Right?

I would say to you that it is not enough. However, we make it very clear in our report, which for anyone who would like to read the report, it is phase three of the report, there are two prior phases, we do have a Web site. I believe that we have had better than a million hits on that?

Mr. BOYD. No, two and a half million.

Senator RUDMAN. Two and a half million. According to Chuck Boyd, who was a four-star general, retired Air Force General, who has been our executive director, we have had two and a half million hits on that Web site.

For anyone who is interested, it is www.NSSG.gov. The report is there and all of the recommendations. The curious thing, Mr. Chairman, is that there are roughly 50 recommendations. They are unanimously agreed on by a panel as diverse as Newt Gingrich and Andrew Young. So you have to understand that we have developed a strong consensus.

Yes, we believe there are more resources needed but it seems to us that this should give the Secretary a chance, as we are coming into 2003 and 2004, to do the kind of reform that he is looking at, and in return for that reform the resources can be increased.

There is no question, if you look at the diplomatic security requirements alone overseas, there is enormous additional funding that is needed. You can't do it all at once, but you certainly can do a lot of it over the next 4 years, assuming you get the reorganization or the restructuring that not only we have recommended but the Carlucci Commission has recommended as well.

Lee may want to comment on that.

Mr. HAMILTON. No.

Senator RUDMAN. Does that cover it?

Mr. BASS. Is USAID consolidation basically the cornerstone of that reorganization?

Senator RUDMAN. It is not the cornerstone, Mr. Chairman, but it is certainly important. I heard the Secretary's answer and I was not surprised at the answer. You come in as a new Secretary to a Department as complex as State and you are up to your eyeballs with a lot of problems. To take on a whole set of major reorganizations up front is going to divert you from your diplomatic responsibilities.

Having said that, we believe the AID shift is important. We think it is overdue. We are not the first people to recommend it. We believe that it should be done and we believe the Secretary ought to be given the time he needs to sort all that out.

Mr. BASS. One last question. As you well know, the Colombia Initiative is quasi-foreign relations, quasi-intelligence. It is transnational. What are your observations about that initiative and where it is and what you think we should be doing about it? It is not exactly germane to this hearing but I am curious to know, because I know that you have been chairing PFIAB for awhile.

Senator RUDMAN. Correct.

Mr. BASS. And have as good an understanding of the parameters of this issue as anybody. What are your observations about it and what do you think we should be doing? What is going well? What isn't?

Senator RUDMAN. To be perfectly blunt about it, I don't think we know. We have put an enormous amount of money in that initiative and we just don't have the metrics to determine whether or not it is delivering what we want it to deliver. Having said that, I will tell you what I said privately to Congressman Hamilton as we were listening to the testimony this morning. I have long felt that with all the emphasis on attacking the supply side of the drug problem facing America, it is long overdue that this Congress take a strong look at the demand side. If it were not for all the Americans who want to use cocaine, we wouldn't have this problem. If we could attack the demand side, and I am not saying ignore the supply side, we ought to do it, all the helicopters and all of the troops and all of the intelligence in the world is not going to prevent this stuff from coming across our borders if the demand continues to escalate.

Mr. Chairman, let me just say one other thing, which I should have said originally. No one has been more supportive of our work, particularly in the homeland defense area, than Congressman Mac Thornberry, and I want to thank him publicly for that.

Mr. BASS. I have no further questions.

Mr. Spratt.

Mr. SPRATT. I didn't have the advantage of hearing all of your testimony, but I have heard and read what you have had to say and it is very grim, very dramatic. You use the words like dysfunctional, ineffectual, a disconnect between strategic planning and actual funding.

Given that diagnosis that you have both rendered, both of you sitting on different task forces and taking somewhat different per-

spectives but coming to the same conclusions, do you think we are looking at a budget that is adequate to the needs of the Department? Now, I know you are saying you have got to restructure, but can we do it with this kind of increase?

Senator RUDMAN. Well, obviously, Congressman Spratt, what we have both said is the answer to that is no, but you have to start someplace and this is a significant increase, although it could be higher. But what I said, and I think Congressman Hamilton agrees, and I think the entire task force agrees, there is going to be a quid pro quo for the increases that the Congress is going to put into the State Department budget that ought to be—it doesn't have to be our organizational plan or the Carlucci plan, and, of course, Congressman Hamilton served on both the Carlucci panel and on NSSG. What we say is there has to be some functional reorganization that has rationality to it.

We have met with the Secretary, and there is no question in my mind with his background he recognizes this very clearly, but you have to walk before you run. Thankfully, he is someone who is enormously respected. I believe he has captured the hearts and minds of the employees of the Department, from what I have been told. I think they want to help him get it done. There are also some embedded bureaucracies that are hard to budge. We can't expect the Secretary to do that overnight, but we do believe that reorganization ought to be one of the demands of the Congress, particularly the authorizing committees, as you proceed.

Mr. SPRATT. Lee, would you care to comment on that?

Mr. HAMILTON. Well, I am impressed, of course, by the fact that the Budget Committee has the toughest job in government, which is to try to establish priorities among hundreds of worthy and competing claims.

We, Senator Rudman and I and the fellow commissioners, looked at this problem from the standpoint of whether there were adequate resources for the State Department. The answer to that is no; clearly, no. I really don't think reasonable people would disagree on that.

Now, that doesn't solve your problem, because you have got a lot of other demands to consider.

Let me give you two—I think there is today an absolute urgent need for hundreds of millions of dollars to improve the communication network of the State Department. We have a situation today that you would not tolerate in your congressional office; you would not tolerate it. You would be on the floor within 10 minutes to get more resources if you confronted the kind of problems they have in the State Department. They can't even communicate with one another by e-mail often in the same embassy. Hundreds of millions of dollars are needed there; not all in 1 year but over a period of time.

The thing that Senator Rudman mentioned, I think Admiral Crowe, when he served on that Commission, recommended $1.3 billion a year for a multi-year period for embassy security. You take those two things alone, quite apart from the personnel and the decrepit state of many of the facilities, and I just think you need more resources.

Mr. SPRATT. What is the cost of upgrading the communication system?

Mr. HAMILTON. I have seen the figure of $330 million over a several-year period. I can't vouch for that, John.

Mr. SPRATT. Spread over several years or every year?

Mr. HAMILTON. No, spread over—you can't do it all in 1 year, but you are talking multimillion dollars, $300 million or $400 million over a 3- or 4-year period, a lot of money.

Mr. SPRATT. Well, you heard our just back-of-the-envelope breakdown of this budget in the statement that I made in the opening hearing. They are asking for an increase of $1.3 billion, and that is not trivial. It is an increase of over 5 percent, but when you back out inflation, the CBO says that is $565 million. A lot of this money goes to salaries. They have COLAs attached to their salaries. In real terms, there is about $700 million left. When you back out a new initiative, expanding the Plan Colombia to several other Andean countries, you are down to about $300 million.

Next year, when you are looking at outyears, you say well that is something; that is a start; you have to walk before you run, but when you look in the outyears, the very next year there is actually a cut of $100 million in the overall level of funding. In no year after that does the increasing reach 1 percent.

Mr. HAMILTON. Well, I think there will be some gains in efficiencies that the Secretary has emphasized, but I don't think those gains are going to be sufficient to meet the needs. My guess is they will be back in here requesting more money. They are going to need more money for Plan Colombia. They are not going to get by on the amount of money that is available today. They are going to see a substantial request for increases for Plan Colombia, I can almost bet on it, and I think you could, too. That has, of course, nothing to do with the fundamental infrastructure of the Department.

Mr. SPRATT. The point I was making to Secretary Powell, while he was here at the witness table and before the hearing, is that this is one of these pivotal years in the budget. The year 1990 was when we did the budget summit with President Bush; 1993 when President Clinton did his 5-year budget; 1997, the Balanced Budget Agreement.

Well, we are in the 5th year of the BBA, the Balanced Budget Agreement. We need a new budget agreement and we are going to have substantial tax cuts, sizable tax cuts, and some major commitments made that will be multiyear for the budget. This is the time to register reality in Function 150. If you don't do it this year, you are going to be in competition in the outyears with other things, and there will be less resources to deal with the problem.

Mr. HAMILTON. If I read those figures right that I saw, by the year 2006 the international affairs budget will be the lowest it has been in 25 years; constant dollars, of course.

Mr. SPRATT. Thank you very much for your testimony.

Mr. BASS. Mr. Thornberry.

Mr. THORNBERRY. I thank the witnesses and appreciate the work that they have done so far, and the work that you all will continue to do, in pushing the ideas that are contained in your reports.

Mr. Chairman, I think that the reports by this Commission should be required reading for nearly every Member of Congress,

not just the recommendations that we are focusing on today but the two previous reports that talk about the ways the world is changing and the way that U.S. strategy ought to change or the way our thinking ought to change to be ready for it.

I think it is very important work. As they say, on a bipartisan basis, which is pretty unusual to get all of this diverse group of very strong individuals together with the recommendations they come up with, I think we have to treat it very seriously.

As I mentioned to Secretary Powell, I think there is no question that we are underfunded with the diplomatic efforts. But I also believe if we are going to substantially put more money into them, there has to be an assurance that those funds are used well, and that is why I believe that the point about more funding going hand-in-hand with reform is going to be critical, not just because it is the right thing to do, but because it is necessary to get it passed around here. I don't need to tell you all that.

Could you elaborate a little bit on the rationale for your specific organizational suggestions within the Department of State, changing the way the bureaus report, because it is fairly significant? Did you look at whether we ought to make organizational changes all the way down to the embassy level; looking again at what officers we place in embassies and whether that reflects the realities of the 21st Century or whether they are there because of inertia?

Senator RUDMAN. Let me take just a brief cut at that, and then let Lee respond as well.

This organizational structure did not come out of the blue. Nor did it come out of the collective intellects of the commissioners and the staff. We had a working group, the names of whom are all available, of some of the great experts in all of these areas in this country, academic, retired folks, many Foreign Service people, people who had served at all levels of the Department. It was the unanimous feeling of almost everyone that there had to be a structural change in order to get accountability and deliverability of services from that Department, from its present structure. And, thus, the dialogue that one of you had with Secretary Powell in which he quite properly said that obviously he has got to study that and decide how and in what schedule and whether that is the change he wishes to make.

Whether it is that precise structure or one that is different but meets the same level of efficiency compared to where we are now is what we are saying has to be done.

I can imagine coming in to a new Department as Secretary of State is going to be a daunting task, and General Powell has enormous responsibilities. Having said that, one of the things we said in our meeting was that we do not believe the Congress collectively, and it was reflected in some of the comments of the members this morning, that Congress collectively will not do the kind of increase in funding that, for instance, Congressman Spratt is talking about, unless there is a sense on the part of the Congress that the criticisms of the Department structure by not only this Commission but many others are met in a direct way. One of the best places to look, in our view, is AID. That may take a lot of time, but we believe, and I can tell you from my own experience as Chairman of the Commerce, State, Justice Committee of the Senate Appropriations

Committee, for a long stretch of time that I felt that back in the 1980's, let alone now.

It is such a powerful lobby in some way that you just can't get it done, but the time to do it in our view is now.

Now, the Secretary has got to come around to that point of view and obviously if he doesn't then you have a problem, but our view is that that is a good example.

Finally, if you look at the whole report, the way the individual embassies are structured. In fact, the ambassadors do have some problems. The ambassadors, they get a lot of folks who really don't feel like they report to them. But I think General Powell, from his whole theory of leadership, is going to change that.

Mr. HAMILTON. Mac, we really do appreciate the interest you have taken in the report, and we thank you for it. Your leadership has been very important to the Commission. I think the Commission, unique so far as I know among other commissions, made very specific recommendations on reform of the structure of the Department. You may have seen the charts. We actually drew organizational charts there.

We had the support of very good staff, including, for example, Lynn Davis, who was the staff director for phase three of the report. She served as an Under Secretary in the State Department for a period of time.

Secretary Powell said while he was here that he had reduced some of the layers of bureaucracy, cutting out 22, 23 positions of the so-called special envoys. So he is moving in the right direction. That is an important step.

Our fundamental recommendation on the Commission, I think, was that we needed to integrate policy more in the regional bureaus. We think the Department's functional and regional divisions have to be integrated more tightly so that there is less overlap, less duplication, a clear line of responsibility.

I think you would get a more coherent mechanism for making policy with that kind of a change.

Now, as Secretary Powell correctly said, it is a highly controversial proposal, and we were well aware of that when we made it. We put it out there as one way we think the Department ought to go. It is not the only way by any means, but quite frankly our major interest is in getting serious attention to the issue of organizing this Department so that it can become more effective.

May I also say that one thing appealing to me in what Secretary Powell has said is his very heavy emphasis on using existing staff, the existing Foreign Service officers and people. I think he is correct on that, because they are, as a group, a very capable group of people.

Mr. THORNBERRY. Thank you.

Mr. BASS. Thank you.

Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Let me add my word of welcome, Senator, and Lee Hamilton. Glad to see you back here.

Mr. HAMILTON. Thank you.

Mr. PRICE. I appreciate the work you have done on this Commission and the contribution you have made to our discussions here today.

Senator, I want to especially commend you, too, on your service often through your leadership in the Concord Coalition in offering a reality check that we very much need these days as we debate the desirability and the feasibility of a $2 trillion tax cut and what the implications of that would be for our long-term action.

Senator RUDMAN. If you ask me about that this morning, I am going to take the Fifth before this committee.

Mr. PRICE. That is right. Therefore, I am going to register my appreciation and move on. I know you are not here for that purpose.

I would like to take advantage of your presence here today to move beyond the report a bit and ask you to talk more generally about foreign affairs funding and foreign aid funding, in particular, as it relates to other aspects of Function 150.

I don't know how useful these overall statistics are. I am sure you are familiar with them. The U.S. ranks 22nd in the world in foreign aid as a percent of GNP; and our level of aid as a percentage of GNP is a quarter of the average percentage among developed countries.

I suppose those overall statistics are interesting, but I suspect the truly significant questions have to do with the purposes and the direction of foreign aid and what it achieves for our country and the directions we ought to take and what the budget implications of that are.

It actually was surprising to me to learn, and this comes from a recent CRS memorandum, that while Function 150 overall is below the historical average of the last 25 years, measured in constant dollars, funding for what is known as the conduct of foreign affairs such as the State Department, our embassies and consulates, our payments to the U.N., has actually has increased over time. You have highlighted, I think quite appropriately, the inadequacy of those expenditures. Goodness knows, we do not always deal with them up here in the most orderly fashion.

We have, of course, Function 150 split, for starters, between two appropriations subcommittees, and then the diplomatic spending for the most part is part of an omnibus Commerce, Justice, State bill where there are all kinds of trade-offs against unrelated functions. It is hard to focus sometimes in the way that we should.

I am very much encouraged by Secretary Powell's emphasis on embassy security, on information technology, on the kinds of investments it is going to take to make our overseas establishment work in the way that it should. I think that is long overdue.

What about the rest of that Function 150 spending? We spend considerably less for true foreign aid than we historically have over the last 25 years, and if you are going to increase funding for embassy security and improving the State Department's information infrastructure, it appears inevitable that this trend of decreased foreign aid, will in fact continue. At least that is the anticipation in this budget outline that we have now.

So I don't know if you want to speak in quantitative or qualitative terms. I would welcome your reflection on either level, the aggregate amounts that we are devoting to this purpose or the

kinds of recommendations that come out of your deliberations as to what the purpose and the direction of this aid should be. I would welcome your reflections on both the quantity and the quality of our foreign aid spending as we look into the next 5 years.

Senator RUDMAN. Well, Congressman, one of the real problems, and you have referred to it is something that we are probably not going to be able to change, and that is the split jurisdiction over 150. I will tell you that I don't think that is helpful in terms of taking an integrated approach to how you deliver 150 funds.

I chaired, as I said earlier, the Commerce, State—we then called it the State, Commerce, Justice Subcommittee of the Senate Appropriations Committee. Of course, we had another subcommittee which is called the Foreign Operations Subcommittee. We divided those numbers, but there were sometimes questions as to where something might belong.

The foreign aid issue is historically, I think, the toughest one for Members of Congress. My take on it is fairly straightforward, and I don't want to deal in quantitative terms because I frankly haven't looked at those numbers in the last couple of years. Qualitatively, the only approach that you can take as a Member, it seems to me, and as a committee, is to look at the two parts which really are linked in many ways. One, purely humanitarian United States foreign aid, of which there has been a lot in the last few years; and secondly, that foreign aid which may even be humanitarian but in other ways is very much in America's own interest.

I can tell you, coming from New Hampshire, which is a fairly educated and informed State, that it is a hard sell from the town meetings that I held. Yet, I think Members of Congress have to take the lead in this area because obviously there are places in this world that if America does not use its influence through aid of various kinds, much of which, by the way, is furnished in U.S. goods rather than money, then I think it is going to hurt us severely over the long-term.

I have been concerned about the fall-off in some of the foreign aid accounts, not these last couple of years, I haven't looked at them, but in the early to mid-1990's where I thought we were doing ourselves a disservice. So the only answer I can give you is that it is one of those things where Members of Congress cannot expect their constituents to necessarily tell them what they want done because they don't necessarily have the information of what they want done and it is up to Members of Congress who understand the issue to lead. I would like to see more foreign aid in certain areas of this world that I think would come back to benefit the United States by the creation of jobs and by the creating of democracies which would be supportive of American values.

That is a qualitative look. I am not going to get involved in numbers this morning. I am just not that close to them anymore.

Mr. PRICE. Thank you.

Senator RUDMAN. I hope that is the answer. I hope that is responsive to your question.

Mr. PRICE. That is helpful. I am certainly not about to try to change the appropriations jurisdictions that we are dealing with here. I do think, though, given the way those jurisdictions are set up, it does require a special effort and a special emphasis to give

the State Department in particular the kind of attention and priority that it deserves. I also appreciate your political observations. That is one area where I think there has been way too much political heat and not enough light. Most of our constituents vastly overestimate the money that goes into foreign assistance. If there is any area where our interpretation and our leadership is required, I think it is that one.

Senator RUDMAN. I would respond with one further thing that comes to mind. At a town meeting I held in New Hampshire toward the end of my service, I asked them how they thought we ought to balance the budget, what we ought to cut. The three items that were unanimous in this town, it was a very well-educated town, were, number one, foreign aid and, number two, congressional travel; and I forgot what the third one was but I did some calculation. Foreign aid was one half of 1 percent of the budget that year, if not less. Congressional travel was not even measurable to the fifth decimal point. So there is some educating that has to be done.

Mr. PRICE. Yes, indeed.

Mr. Hamilton.

Mr. HAMILTON. I think a President of the United States, when he conducts American foreign policy, has very few tools available to him. He has the diplomatic tool. He has the military tool. He has economic power. Foreign aid is one of the tools that is available to a President. By no means is it the most important tool available to him, but I think it is a very important tool in the conduct of American foreign policy.

There are all kinds of situations a President confronts where he sees the need for American resources to help deal with problems abroad. Just think of the things that we want to try to accomplish in our foreign policy. We want to promote democracy and human rights. How do you do that without assistance to the right people and the right places?

We want to support economic development around the world. We think there is a national interest in that. How do you do that if you don't have some kind of economic reform assistance in areas of the world that need it?

We want to meet a whole array of transnational challenges, such as proliferation of weapons. If you ask me where should we devote the largest increase of money for national security, I would tell you we need to spend it on reducing the nuclear weapons and nuclear technology and capabilities in Russia today. I think the largest payoff for the national security of the United States for a dollar spent would be in reduction of those nuclear capabilities in Russia. That is foreign aid.

We want to deal with drugs. We want to deal with international crime. We want to deal with the environmental problems. All of these things require some foreign aid.

Now, Senator Rudman is exactly right. It has no constituency. As a politician, you have got to take on the burden to fight for it, and an increase is very tough to do. But on the other hand, I don't think there are very many Members who were defeated, that I can recall, just because they voted for foreign aid or even voted for an increase in foreign aid.

One of the reasons I think the AID ought to be brought in to the State Department is because you need more coordination of your foreign assistance. It is a tool that the President requires to conduct American foreign policy, and he ought to be able to coordinate it through a Secretary of State, I believe. So I think that organizational change we recommend is important.

So, David, in terms of specifics, I am prepared, as I did throughout any career, I am prepared to vote for increases in foreign aid because I am committed to it and I think it is an important part of American foreign policy. I know that is not the accepted view in Congress but I think some voices have to come out in support of it because it is desperately needed.

Now, it should be spent effectively. It should be spent efficiently. You have to target it. There are plenty of problems in the foreign assistance program. I am much aware of that. But if you ask me do you need additional resources today in foreign assistance, I come down solidly on the side that you do.

Mr. PRICE. Thank you very much. I do think you have underscored some considerations that really very much need to be factored in as we look at this Function 150 down the road and try to repair its inadequacies. Thank you very much. Thanks to both of you.

Mr. BASS. Mr. Gutknecht.

Mr. GUTKNECHT. Thank you, Mr. Chairman.

I want to thank our distinguished panelists for coming today and for sharing. We apologize we have votes and a lot of other meetings going on. That does not mean that what you are here for and what you are working on is not extremely important, and we thank you for that.

It did strike me, Senator Rudman, something that you said about congressional travel. I do have to say that that is always a sore subject, but I also will tell you, as a member of the Congressional Study Group on Germans, the Germans come over here quite frequently, members of the Budestag. It is interesting, one of the questions they asked me one time when they were over here, they said is it true that only a third of your Members have passports? And when I said, yes, I think that is true, they were just amazed.

So I do think that there certainly probably are some excesses but the truth of the matter is when we are making decisions that have worldwide impact, there is some benefit for Members having some idea what really is happening in some of these foreign countries we are involved with.

I do want to come to a fairly, I think, important question relative to the whole idea of foreign aid, and I think one of the ways that it makes it much more palatable to the folks back home if they begin to see some benefits. I have been a strong supporter of the Food for Peace Program and some of the other things, because at the end some of our farmers can see some of that benefit. It strikes me that people like you can be extremely helpful to us of at least demonstrating to the folks back home once in awhile that it isn't just always pouring money into corrupt dictators that use it to ingratiate themselves but that many times the money that we give foreign countries is used to buy products produced here in the United States.

At some point, I think we have to do a better job of explaining that side of the story. More of a comment than a question, but people like you could be extremely helpful in making that case to the farmers and folks back home.

Senator RUDMAN. Well, the numbers are overwhelming, as you know, Congressman. The money is spent mainly in U.S. groups, and FMS, foreign military sales, is 100 percent; or at least it has been in the past.

Mr. GUTKNECHT. I yield back.

Chairman NUSSLE [presiding]. Mr. Spratt.

Mr. SPRATT. Just to wrap it up, one of the reasons we have been critical of the budget request this morning is that the kind of support for foreign aid and foreign operations you are talking about has to start at the top; both parties, both the executive branch and the Congress, that is traditionally the way this account has been protected in the past. You know the 302(b) allocation process, being part of it as an appropriator, and this was one of the ways that this Function 150 is always protected from any kind of devastating cuts and basically plussed up each year, not by grand amounts but the leadership looked after it.

You are not going to get big increases percolating up from the back benches of the House or, I think for that matter, from junior Senators. It has to be supported by the leadership and it has to start with the President and the Secretary of State who have to tell the people emphatically this is in our interest. It is a lot easier for them to do it than it is for those of us who come from small communities to go back and explain it to our constituents. We will stand our ground but they have to lead the way, and I think that is the kind of message I have been trying to deliver today.

Senator Rudman, I was going to ask for a unanimous consent to put your Concord Coalition statement in the record, but out of respect to your Fifth Amendment rights I will decline to do that.

Senator RUDMAN. That is for another time, Congressman. We do appreciate all of your support for the Coalition.

Mr. SPRATT. Thank you, sir.

Chairman NUSSLE. Gentlemen, thank you so much for coming. I wish I could have been here to hear the testimony. I know of both of your work, both here in Congress as well as with regard to your recommendations. We really appreciate all the work that you are doing and just want to thank you also for coming to testify before the committee today and giving us your recommendations.

Senator RUDMAN. Thank you. We are honored to be here.

Mr. HAMILTON. Thank you, sir. Pleasure to be here.

Chairman NUSSLE. The hearing is adjourned.

[Whereupon, at 12:05 p.m., the committee was adjourned.]

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