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CENTER FOR U.S. GLOBAL LEADERSHIP**

&

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**TESTIMONY ON THE FY 2012
INTERNATIONAL AFFAIRS BUDGET REQUEST:
HOUSE APPROPRIATIONS SUBCOMMITTEE ON STATE-FOREIGN OPERATIONS**

April __, 2011

Introduction

Chairwoman Granger, Ranking Member Lowey, and members of the Subcommittee, it is an honor to appear before you today to discuss the FY 2012 International Affairs Budget. We are here today representing the U.S. Global Leadership Coalition (USGLC). The USGLC is often called the “strange bedfellows coalition” because it is comprised of both American businesses like Boeing, Caterpillar, Microsoft, Walmart, Land O’ Lakes and the U.S. Chamber of Commerce, and leading humanitarian NGOs and non-profits like CARE, World Vision, AIPAC, Catholic Relief Services and Bread for the World. USGLC brings together Republicans and Democrats, national security and foreign policy experts, and business, faith-based and community leaders all across the country. What unites all of us is our belief that, even though it only constitutes just over 1% of our overall federal budget, the International Affairs Budget is vitally important for America’s national security and economic future.

USGLC certainly recognizes the fiscal challenges our nation is facing and, as former lawmakers ourselves, we know that you have difficult choices to make in the coming months. Every agency will need to tighten its belt and scrutinize each program. However, because of the remarkably cost-effective benefits these programs bring to our nation, we respectfully urge you to do everything you can to oppose deep and disproportionate cuts to the International Affairs Budget. We urge you to ensure that our tools of diplomacy and development remain strong and effective.

International Affairs Budget is a Critical Tool to Our National Security

We believe that the International Affairs Budget requires strong funding because it is an essential part of our national security. First, in the immediate sense, we must have adequate diplomacy and development resources to hasten the day when our military men and women return home from conflict zones where they are serving. This summer, as you know, we will begin the transfer of our mission in Iraq from military to civilian leadership, and cutting our civilian funding at this time could jeopardize the fragile gains we’ve made.

On this count, you don’t need to take our word for it. General David Petraeus recently testified that he needs strong civilian partners in our mission in Afghanistan, because the mission “*is a comprehensive civil-military counterinsurgency campaign, it is not a military-only campaign....we’ve recently revamped the U.S. civil-military campaign plan, and essential to that is the ability of State, AID, and other implementing partners to capitalize on the hard-fought gains of our troopers on the ground and those of our Afghan partners.*” General Petraeus is hardly alone in his conclusion. Last year,

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Chairman of the Joint Chiefs of Staff Admiral Michael Mullen sent a letter to Congress in support of international affairs funding with a handwritten note, saying starkly, *“the more significant the cuts, the longer military operations will take, and the more and more lives are at risk!”*

Second, in the longer term, maintaining robust “smart power” tools of diplomacy and development alongside a strong defense enhance our national security by preventing conflicts before they require costly military action. As former-Secretary of State Condoleezza Rice has said, *“we must now use our foreign assistance to help prevent future Afghanistans—and to make America and the world safer.”* Secretary of Defense Robert Gates commented last year, *“development contributes to stability. It contributes to better governance. And if you are able to do those things and you’re able to do them in a focused and sustainable way, then it may be unnecessary for us to send soldiers.”*

It’s not just in the frontline states where development and diplomacy programs do so much to keep America safe. As you know, the world has changed dramatically over the past two decades with Cold War threats being replaced by terrorism, pandemics, weak and failing states, and a growing number becoming strategic competitors to America in the global arena. America’s national security today is dependent not only on the deterrence of a strong military force but on increased investments in the full range of diplomatic, development and humanitarian tools.

Around the world, healthy societies are often the best defense against extremism. Programs funded by the International Affairs Budget are critical in helping partner nations build stronger institutions and a greater capacity to address the conditions that can lead to despair and instability. As our first Secretary of Homeland Security Tom Ridge has noted, *“The programs supported by the International Affairs Budget are as essential to our national security as defense programs. Development and diplomacy protect our nation by addressing the root causes of terrorism and conflict. But it’s not just about security. By building new markets overseas for American products, the International Affairs Budget creates jobs and boosts the economy here at home.”*

Those who serve on the front lines of our national defense understand this well. That is why 70 retired U.S. military leaders recently urged greater support for a strong and effective International Affairs Budget, saying in their letter to Congress that *“development and diplomacy keep us safer by addressing threats in the most dangerous corners of the world and by preventing conflicts before they occur.”*

It was for all of the foregoing reasons that, beginning in 2007, the Bush Administration included the International Affairs Budget as part of national security funding in all of its annual budget requests. The Obama Administration has continued this practice, as have your colleagues in the Senate and the bipartisan deficit

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reduction commission (National Commission on Fiscal Responsibility and Reform). We urge the Subcommittee to continue this bipartisan legacy, in recognition of the increasingly vital role development and diplomacy play along with defense in U.S. national security. We believe that America's strength is maximized when all of its foreign policy tools – military and civilian – are strong.

International Affairs Budget Critical to U.S. Economy

Many people don't realize it, but the International Affairs Budget is "*essential to creating jobs and spurring economic growth here in the U.S.*" These are not our words. They are what the U.S. Chamber of Commerce said in its recent letter to Congress urging a strong and effective U.S. International Affairs Budget.

Trade and economic development programs funded through the International Affairs Budget help foster conditions that create more stable markets and new opportunities for American businesses and entrepreneurs. These programs are invaluable tools in building stronger political, legal, and economic policy regimes in developing countries. This in turn fosters innovation and strengthens consumerism, transparency, democratization and market development.

The economic downturn in the United States has created real challenges and real opportunities. The U.S. economy must retool itself to take advantages of these opportunities, particularly in emerging growth markets. Over the past forty years, trade has tripled as a share of our economy. More than 1 out of 5 American jobs are tied to international trade—and in the manufacturing sector it's one out of three.

U.S. trade is increasingly tied to the developing world and emerging markets. In the years ahead, a large share of U.S. export growth will be dependent on emerging markets in developing countries, which have already grown to represent nearly half of U.S. exports. Six of the ten fastest-growing economies in the past decade are in sub-Saharan Africa; all ten of these are emerging markets. The transition of U.S. exports from developed to developing countries can be seen in Texas, for example, where three of the five largest export markets are Mexico, China, and Brazil.

Growing our exports is a critical part of job creation. Studies indicate that every 10% increase in exports is associated with a 7% increase in employment here in the U.S. More than 97% of U.S. exporters are small and medium-sized enterprises (SMEs), and they account for nearly a third of U.S. merchandise exports, according to the U.S. Department of Commerce. The U.S. Trade and Development Agency generates \$35 in U.S. exports for every dollar it invests in feasibility studies and partnerships abroad. Yet, we could be doing even more.

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Given the remarkable impact of U.S. export promotion and trade development programs and their importance to U.S. companies and jobs, the question is not whether we can afford to continue them, but whether we could possibly afford not to.

Our competitors in other countries are not standing still. For example, while China's international programs in the developing world do not yet approach the level of the United States; they are growing at astronomical rates. Research conducted by the New York University Robert F. Wagner Graduate School of Public Service estimates that China's government-supported economic programs in Latin America, Asia, and Africa grew by 25 times in the five year period from 2002 to 2007.

Reform of Smart Power Programs is Underway

During these difficult fiscal times, it's obviously imperative that International Affairs programs, like every other part of our government, are accountable, transparent and results-driven. The good news is that diplomacy and development leaders have been taking concrete steps in that direction for the last several years. President Bush established the Millennium Challenge Corporation in 2003 that brought an innovative focus on economic growth, country ownership, and accountability in our development programs. Secretary of State Rice launched the "Transformational Diplomacy" initiative, which realigned the placement of our diplomats to address changing global threats and opportunities and brought a new strategic focus to our development assistance programs.

Building on these efforts, Secretary Clinton followed the format of the Defense Department and recently completed the first-ever Quadrennial Diplomacy and Development Review to better coordinate how we allocate our civilian-led tools of foreign policy. At USAID, they are beginning a monumental effort to better monitor and evaluate all of USAID's programs and to allow the American people to see exactly where federal dollars are going. For example, with the new online foreign assistance "dashboard," USAID development projects can be tracked and measured to ensure their effectiveness and to determine whether or not they are achieving their goals and objectives. All of this data is available for anyone to see.

Additionally, both the Presidential Policy Directive on Global Development (PPD) and the Quadrennial Diplomacy and Development Review (QDDR) have emphasized the need for selectivity in where and how the United States invests its aid resources. The Administration's FY 2012 budget contains a number of proposals for redeploying our resources to where they will be most effective.

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At a time when reform in our diplomacy and development framework is well underway, we believe it's critical to provide the resources and personnel necessary to support these reforms and are given a chance to bear fruit. Our civilian agencies have faced dramatic reductions in capacity and personnel in recent decades. For example, USAID had nearly 18,000 people running programs in Latin America, Southeast Asia, and Africa in 1968. Today it has fewer than 9,000 employees who must manage complex operations all around the globe.

Conclusion

As former members of this body, we know that Americans are often misinformed about our international programs. In larger part, that's because most Americans think we spend about twenty-five times more on foreign assistance programs than we actually do. Poll after poll shows, however, that when asked how much our nation should be spending on these programs, they say we should be spending about ten times more than we actually do.

Misperceptions and misinformation about America's role in development and diplomacy are hardly unique to the America people, however. Around the world, perceptions of America are often clouded by misinformation. When people across Africa learn that the U.S. is leading the fight against AIDS and malaria, even while we face fiscal challenges at home, their views of our country change for the better. When entrepreneurs are given a helping hand in Turkey, or farmers in Pakistan are able to take advantage of a new technology, or women take out a microloan in Indonesia, we are demonstrating in a very powerful way our values – and America's important leadership role in the world.

There is not a doubt in our minds that the International Affairs Budget is profoundly in the best interest of our nation. It is far from just charity or do-gooderism. For literally a penny on the dollar, this is a cost-effective way to advance our security, prosperity and open hearts and minds to America's message of liberty, fairness, and free markets.

For all of the foregoing reasons, Madame Chair, the U.S. Global Leadership Coalition urges the Subcommittee to ensure a strong and effective International Affairs Budget and to oppose deep and disproportionate cuts to these investments in a safer, more prosperous world.

Madame Chair, thank you again for this opportunity to testify.