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**SECRETARY OF STATE HILLARY RODHAM CLINTON
TESTIMONY BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON FOREIGN OPERATIONS
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Madame Chairwoman, Ranking Member Granger, Chairman Obey, Congressman Lewis, and Members of the Subcommittee, I appreciate this opportunity to be here today. I know I speak for the President and his Administration in thanking you for your energy and vigilance in overseeing foreign operations, and I look forward to working with you in the months ahead.

Our 2009 supplemental budget request for the Department of State and the U.S. Agency for International Development is a significant sum, but represents only a fraction of what our government spends each year on national security. Yet today, diplomacy and development are ever more essential to safeguarding the security and prosperity of our people and our nation. The expenditures we make now to build stable and peaceful societies will be far less costly in lives and dollars than military action down the road.

Around the world, we face ongoing challenges of two wars, political uncertainty in the Middle East, a global economic crisis that is pushing more people into poverty, irresponsible nations with nuclear ambitions, and 21st century threats that require new forms of global outreach and cooperation, from terrorism to disease, from climate change to trafficking in drugs and human beings.

Under President Obama's leadership, we have launched a new diplomacy powered by partnership, pragmatism and principle. We are strengthening historic alliances, reaching out to create new ones, and harnessing the resources and talents of governments, the private sector, and civil society to find global solutions to global problems. This is a major undertaking. And I'm confident that, with the dedicated men and women at the State Department and USAID who work around the world and around the clock, we can and will meet this century's challenges.

This supplemental budget reflects our commitment to smart power and to using taxpayers' dollars for maximum advantage in areas of immediate need: helping Iraq transition to self-sufficiency; enhancing security and the prospects of greater stability in Afghanistan and Pakistan; fostering conditions for peace and progress in the Middle East; assisting developing countries hardest hit by the economic crisis; and putting the State Department and USAID in better position to meet our current foreign policy demands.

Let me begin with Iraq. Over the past six years, we have spent hundreds of billions of dollars on military efforts to boost security in areas besieged by insurgency and violence. Our men and women in uniform have performed bravely, and admirably. They have done the jobs they were asked to do. But now, as we begin to withdraw our troops, we must consolidate those security gains and focus on strengthening Iraq's democracy, bolstering its institutions, and promoting economic growth and diversification. We have requested \$482 million in the supplemental budget for these civilian efforts to help move Iraq to self-sufficiency. Already the Iraqi government is exceeding our spending for reconstruction and, in many areas, matching or exceeding our efforts on individual projects. Each step forward by Iraq will enable us to ease our own levels of assistance over time.

Security is also of paramount concern in Afghanistan, where additional U.S. troops are being deployed to disrupt, dismantle, and destroy al-Qaeda. But here again, a military response is not enough. For the majority of Afghans, the lure of violent extremists like the Taliban has more to do with economics than ideology.

The supplemental request of \$980 million for Afghanistan is targeted to specific areas essential to security and stability, including efforts to make government institutions more accountable and effective; promote the rule of law; stimulate licit economic activity, especially in agriculture; and help stabilize local communities through job creation. These are big challenges, but each one is necessary to our ultimate goal: denying extremists free rein to recruit local Afghans into organizations whose aim is to attack Americans.

As the President's comprehensive strategic review made clear, progress in Afghanistan depends on progress in Pakistan. To that end, we are seeking supplemental funding of \$497 million.

This enables us to keep our pledge at the Tokyo Donors conference and support the government of President Zardari as he takes difficult steps to stabilize Pakistan's economy; strengthen civilian law enforcement agencies in Pakistan, particularly in the Federally Administered Tribal Areas and the Northwest Frontier Province; and assist hundreds of thousands of civilians who have been forced to flee from their homes and seek shelter in refugee camps or elsewhere.

Key to our new strategy for Afghanistan and Pakistan is to hold ourselves and our partners accountable and ensure that our resources are having maximum effect. We are committed to fulfilling that responsibility with your help. We also believe that security assistance should take into account whether Pakistan works with us to prevent al-Qaeda and other terrorist groups from operating in Pakistan and the Taliban from using that country as a safe haven to launch attacks.

Right now, the Middle East is in a period of transition and uncertainty, but it remains a region of critical importance to the United States. If we are genuinely interested in achieving

comprehensive peace between Israel and its Arab neighbors, we must remain steadfast in our commitment to Israel's security.

At the same time, we must continue to help the parties find a path to a two-state solution and support efforts initiated by the Palestinian Authority to end corruption, promote security, and build infrastructure to improve living conditions in the West Bank. We must also address the humanitarian needs in Gaza by working directly with carefully vetted partners.

We have made clear that we would only work with a Palestinian Authority government that unambiguously and explicitly accepts the Quartet's principles: a commitment to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap. In the event of any Hamas participation in a coalition, this would only apply if the government, representing all of its agencies and instrumentalities, accepts Quartet principles.

At Sharm el Sheik last month, I announced a U.S. government pledge of \$900 million that includes humanitarian, economic, and security assistance for the Palestinian people. Madame Chairwoman, our supplemental request of \$840 million, included in that pledge, will be implemented in a manner that gets those funds in the right hands and for the right purposes.

From the first days of this new Administration we have signaled our determination to create partnerships with other governments, the private sector, non-governmental organizations and institutions to help relieve human suffering exacerbated by the global economic crisis. This is not simply a moral imperative, or an altruistic impulse. Extreme poverty poses one of the greatest threats to global security and prosperity, and to our own.

Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark new humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and de-stabilize countries that are key partners of the United States. Many responsible governments cannot raise funds to support critical safety nets and restore financial markets that serve the poor -- especially children and women, who are the most marginalized to begin with -- thus jeopardizing the political and economic stability of countries that had just begun to take positive steps forward.

The \$448 million requested for assistance to developing countries hardest hit by the global financial crisis is designed to provide a temporary safety net for highly vulnerable populations and forestall the possible destabilization of developing countries committed to responsible governance but now buffeted by economic forces beyond their control.

We believe, and I know many of you share this view, that the United States must continue to be a world leader in providing food aid and life-sustaining support for refugees and other victims of conflict. These efforts will be complemented by investments in the supplemental budget for emergency food aid.

Food security is a problem born of poverty and made worse by recession. People who are malnourished are less able to hold jobs and earn incomes; succeed in school; or participate fully in their societies. Over the past year alone, we have seen the destabilizing effects of food crises around the world. We know that in the long term food security is about sustainable agriculture and not emergency food distribution. I'm pleased that the State Department and USAID will be guiding a government-wide effort to address this issue.

I should also mention, Madame Chairwoman, that the President and I believe it is time for the United States to lead by example when it comes to shared responsibility, and that means we need to take care of our obligations to meet commitments we have already made to fund international burdens.

We have included in this request \$836 million for United Nations operations, some of which will be used to cover assessments in which we are already in arrears.

We are well aware that the U.N. needs reform and greater accountability. But we also must acknowledge the importance of UN peace-keeping missions in troubled regions of the world that save lives and expense for our nation. When UN "blue helmets" are dispatched to keep peace, it costs 75 percent less than if we had to send U.S. troops in their place. Earlier this month, I was in Haiti, where we support UN peacekeepers helping to stabilize that country. This is a smart and cost-effective investment that helps the Haitian people regain their economic footing and yields dividends in greater security and prosperity for us.

This supplemental budget also seeks small investments targeted to specific concerns in other regions, including for international peace keeping operations and stabilization activities in Africa; humanitarian needs in Burma; the dismantlement of North Korea's nuclear program; assistance for Georgia; support for the Lebanese government; and funding for critical air mobility support in Mexico as part of the Merida Initiative to combat drug violence and trafficking in Mexico and Central America.

Let me end with one final point: To pursue an ambitious foreign policy agenda that advances our interests abroad and safeguards our security for the future must begin with reform in our own agency. To blend development and diplomacy in a robust foreign policy is essential to meeting the challenges of these times. And to do so we are committed to creating a more agile, effective

State Department and USAID, staffing them in the right way, and giving our people the resources and authorities they need to carry out the Administration's agenda.

As we reform the department, we must also make sure we have the resources and staffing needed to fulfill the difficult missions we've been assigned. This is particularly the case in dangerous regions like Iraq and Afghanistan, where State Department and USAID employees are serving their nation at great peril.

Because of the rapid growth of our mission in Afghanistan, some employees are being housed in temporary facilities that are unsafe and more vulnerable to rocket attacks, bombs, and earthquakes. Our supplemental request includes additional funding to support increased diplomatic and development operations in Afghanistan, including State and USAID mission operations, plans for new regional offices, and purchases of land to construct safe and secure facilities for our personnel.

We are committed to fulfilling the ambitious agenda the President has laid out for our country. To do so, Madame Chairwoman, we will need the help and counsel of this subcommittee. I look forward to answering your questions today and to our discussions in the months ahead.

Thank you.

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