
Budget Priorities for Shaping A New Foreign Policy

By

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Mr. Chairman, thank you very much. I'm pleased to make my first official congressional appearance as Secretary of State before this subcommittee. I realize how important you are to the work of the [Appropriations] Committee and to the work of the State Department. Our joint challenge, of course, is to shape a new foreign policy in a world that's fundamentally changed. Today, I want to try to discuss, as you say, an overview as to how we can best direct our resources to meet this extraordinary challenge.

Mr. Chairman, because it's my first official appearance on Capitol Hill, with your permission I will impose on your time, perhaps more than I would under other circumstances, by making a somewhat longer than usual statement. Of course, the members of your committee are uniquely qualified to take on the hard work of determining the priorities and organizing the resources of the State Department to achieve those priorities. My appearance here begins what I hope will be a relationship that is marked by candor and cooperation on all sides. I think that kind of candor and cooperation will be essential if we are to meet the challenges that this fundamentally new world presents to us.

We will work closely with you to try to determine the priorities and to articulate the new strategies. But I think, Mr. Chairman, it is important that we work together to explain and justify our foreign policy to the American people. As I said at my confirmation hearing, foreign policymakers cannot afford to ignore the public, for there's a real danger that then the public will ignore us.

We must work together to explain the stake that the American people have in an activist and an internationalist foreign policy, to explain clearly the need for preventive diplomacy, to deal with problems before they become crises, [and] to stress the priority that we all feel for ensuring open and fair trade and the expansion of new markets; and we must underscore the benefits that will flow to our nation from active promotion of democracy, including, hopefully, from a reduced [Department of] Defense budget, greater economic opportunity, a cleaner environment, and a safer world.

Along these lines, Mr. Chairman, I intend to travel around the country to explain our foreign policy initiatives and seek the support of the American people. I am going to Chicago on the 22nd of this month to begin that process, and, if it is proper, I might encourage you and the members of your committee to do the same in your districts and around the country. I know [that] you do that on a regular basis.

Collectively, I think we have a responsibility to try to define our foreign policy to the American people and to define America's role in the new world. We need to think about how to

deal with the new threats we're facing, how to deal with the difficult challenges as well as the breath-taking opportunities that come to us in this new era. And, very relevant to this committee and to the budget, we need to take a look at the foreign policy institutions to make sure that they take into account the realities of the new age and not be stuck with those of the prior era.

I really can't stress this last point too much. The State Department as we know it, the U.S. Agency for International Development (USAID), the U.S. Information Agency (USIA), [and] the Arms Control and Disarmament Agency [ACDA] are all creatures of the Cold War period. They evolved during an era when our nation was facing a single, overwhelming challenge—that is, the challenge of containing the communist threat. With the demise of communism, that threat is passed. Containment has served its purpose, and it's taken its rightful place in our history.

And yet our foreign policy institutions continue in large measure to mirror the Cold War imperatives. Maps have changed considerably faster than mindsets. Budgets and bureaucracies still reflect the reality of a world that's passed. For our institutions, including the State Department, it may be that it was easier to deal in an earlier time when almost any program could be justified in terms of the global struggle against communism. That struggle is passed, and that easy rationale of the past is also a thing of the past. Here, as elsewhere, I think the American people are ahead of us and have proven themselves to be wise. They know our policies must be tested and retested against the facts of the new and uncertain world we face. They demand very rightfully that we get money back—value back—for every dollar we spend, to make sure that the dollars we spend promote their interests and their values. They understand that foreign policy must conform to new functions, not the old world, and they expect action. It is our determination—President Clinton and the Administration—to provide that kind of action. Although our Administration is only two months old, we have already begun to redirect our American foreign policy, to refocus our aid budgets, and to reform our institutions. I would like to share my thoughts on each of these topics with you today.

A NEW FOUNDATION FOR FOREIGN POLICY

American foreign policy in the years ahead will be grounded in what President Clinton has called the three "pillars" of our national interest: **first**, revitalizing our economy, **second**, updating our security forces for a new era, and, **third**, protecting democracy as the best means to protect our own national security while expanding the reach of freedom, human rights, prosperity, and peace. Our watchword always must be action, not reaction; timely prevention, rather than costly cure. Let me speak a paragraph or so on each one of these three pillars, Mr. Chairman. First, we must renew the American economy. The single most important thing that Congress can do to ensure that American foreign policy is effective is to enact the President's economic program and to do so as soon as possible. We certainly cannot be strong abroad unless we are strong at home. In the post-Cold War global economy, there is no such thing as a purely domestic policy. Over and over again, I heard in my recent nine-day trip to the Middle East and Europe that the whole world is watching our economic policy and how well we deal with our economic situation. President Clinton's economic program, which he laid out, of course, in his [state of the Union] address to Congress, as well as his recent speech at American University (*Dispatch*, Vol. 4, No. 9, p. 113), challenges American firms, workers, and farmers to win in world markets, to reduce our national reliance on foreign creditors, and to sustain our foreign commitments. We remain the world's most powerful economy with vast manufacturing, service, and agriculture sectors. We are the world's largest exporter, and we are the world's largest market. We must use all the tools at our disposal to generate growth here at home and bring down barriers to our goods and services worldwide. And by "all of our barriers" I mean GATT [the General Agreement on Tariffs and Trade], NAFTA [North American Free Trade Agreement]—with the parallel agreements—as well as vigorous export promotion.

As a second pillar, we must update our security structures to meet the realities of the post-Cold War period. This begins with adapting our military forces to meet the new and old threats to national security. But we must even go further than that. In tandem with our partners, we must continue to mold our alliances like NATO to meet new missions.

More robust peacekeeping and even peacemaking capabilities are needed, given the potential for ethnic conflicts that challenge our conscience and threaten international peace. Strengthened non-proliferation regimes are also essential if we are to prevent new and dangerous threats from emerging on the international landscape.

Let me emphasize the strong commitment I feel personally to making strides on non-proliferation now that we're in this new era.

Third—as the third pillar—we must encourage the democratic revolution that has swept so much of the world. By promoting democracy and free markets, we do more to honor the universal values upon which our nation is founded. We must go beyond just the moral aspect of it to ensure our own security and prosperity.

Democracies tend not to make war on other democracies. They are more reliable partners in diplomacy, business, trade, arms agreements, and global environmental protection. We should have no illusions. Democracy cannot be imposed from above. By its very nature it must be built from underneath, from the bottom up.

We should embrace and promote this process by sustained support for democratic institution-building in the former Soviet bloc and elsewhere. And we should by collective engagement, working in partnership with other great democracies, promote democracy around the globe.

FINANCIAL CONSTRAINTS AND FOREIGN POLICY

Successful foreign policy, of course, does not just happen. It is not just a statement of policy. It requires resources—financial resources and human resources. Like all of you committee members, I am acutely aware of the budgetary constraints under which we operate. Our fiscal crisis is real, and so is President Clinton's commitment to tackling it. Foreign affairs constitutes only a very small part of the overall budget [and] State Department operations, even a smaller part.

But the time has long since passed when we could overlook even the most minute line in the federal budget. The FY 1994 budget, as you indicated, Mr. Chairman, is something we will submit in a few weeks, and it will reflect that reality. It will be a tough budget for tough times. It will be a flexible budget that seeks austerity, not as a hardship to be endured but as a challenge to innovate and do our job better. Above all, we hope that this budget will mark a transitional step to a truly focused budget that sets priorities and puts resources behind them.

As you indicated, Mr. Chairman, I am not able to discuss our funding requests in detail because they have not yet been finalized. But I will say this: all reflect one or more of the pillars I mentioned—economic renewal, new security structures, and promotion of democracy. But our priorities also stress another important theme. They all reflect and represent our investment in the future.

Our budget will stress the importance of U.S. business internationally and our support for U.S. business. State must work closely with our agencies like [the] Commerce [Department], the Export-Import [Exim] Bank, and USAID to create a comprehensive and coordinated export strategy. We must do even more than that by upgrading the Department's own economic and business support capabilities. We must turn State into what I've termed an "American desk"—an

American desk for businessmen here and abroad, complementing the important work of the foreign commercial service. The dividend from this will be economic growth and job creation here at home.

As I indicated, another top priority will be non-proliferation. If the lawlessness of [Iraqi President] Saddam Hussein has taught us any single lesson, it is that weapons of mass destruction, especially when combined with missile technology, can transform a petty tyrant into a threat to world peace and stability. We must assist the new states of the former Soviet Union to control and account for nuclear material. We must help them and other countries to establish effective support and control systems for the weapons of mass destruction and their delivery systems, and we must strengthen international supplier regimes and support existing and new arms control agreements. All of this must be part of a comprehensive strategy to halt and, indeed, reverse proliferation.

In this connection, Mr. Chairman, let me emphasize the importance of moving forward to ratification of the Strategic Arms Reduction [START] Treaties around the world—in the former Soviet Union—and also to move forward with the ratification of START II here in the United States.

Another priority is enhanced multinational peacekeeping and peacemaking. The end of the Cold War has unleashed long-suppressed ethnic and religious and sectional conflict in the former Soviet bloc and elsewhere. But it has opened up new possibilities also for international cooperation. Our task is to harness that cooperation to contain and to prevent future conflict.

The tragedies in Somalia and the Balkans bear grim witness to the price of international delay—a human price paid daily in pain, privation, and death. Here, international peacekeeping—especially by the United Nations—can and must play a critical role. Capabilities must be enhanced to permit prompt, effective, preventive action, and the United States must be prepared to pay its fair share. Millions invested in peacekeeping now may save hundreds of millions of dollars in relief later.

We can never forget either that peacekeeping saves more than dollars. Rightly done, it also saves lives. It may avert greater dangers that would require even larger military expenditures down the road.

I know [that] this committee has supported peacekeeping funds in the past, and I look forward to working with you—all the members of the committee—to meet our responsibilities in the future.

Our budget will also promote democracy, especially in the states of the former Soviet Union. If a democratic government and free enterprise prevail in the former Soviet bloc, America will gain not only partners in peace but a vast, growing market for American goods and services.

On the other hand, if this brave experiment in freedom fails, we could see an insecure Europe once again, and once again we would see our defense budgets rise. Assisting democracy in the Soviet Union and, indeed, around the world is more than a helping hand—it is an investment in American security and prosperity.

As the President pointed out in his speech at American University just a few days ago: “If we were willing to spend trillions of dollars to ensure communism’s defeat in the Cold War, surely we should be willing to invest a tiny fraction of that to support democracy’s success where communism failed.”

Our FY 1994 budget will also advance our global agenda. Population control and protection of the environment cannot be second-tier foreign policy priorities any longer. By encouraging responsible population programs, we assist poor countries to achieve sustainable growth. By actively moving to combat environmental degradation, we can improve the quality of life in poor and rich countries alike and open up new possibilities for U.S. business.

By combating international scourges like nepotism, narcotics, and terrorism, we make America and the world a safer place. These are investments with real human returns. These priorities—these investments—will be prominent in our 1994 fiscal year budget presentations. Some may require modest increases in funding. Others may not. But all reflect this new focus. All will be met within overall stringent limitations.

REORGANIZATION OF THE STATE DEPARTMENT

Just as important as how much we spend is how we spend it. The challenges of the 1990s have already brought new flexibility and discipline to the State Department. Confronted by the collapse of the Soviet empire we have opened 20 new posts in just 2 years. Faced with budget realities, we are moving in cooperation with Congress to close about an equal number of posts, and we are evaluating staffing levels of State and other agencies at both new and established missions. The State Department must do more than just accept the hard decisions thrust on us. We must fundamentally reorganize ourselves for the post-Cold War era, and I want to speak a bit more about that.

I'm convinced that the Department of State cannot hope to respond to the many challenges of this era unless we improve the way we deal with tough and complex problems that cut across traditional bureaucratic boundaries. We must find creative ways both to increase the efficiency of the policy process and to enhance the administration of the many programs we manage. A stifling bureaucracy, an obsolete division of duties, or cumbersome decisionmaking are luxuries that we just cannot afford in this new period.

I am therefore committed, Mr. Chairman, to a broad-based reform of the State Department's organization and operations. The reorganization plan that I announced last month [*Dispatch*, Vol. 4, No. 6, p. 69] includes the designation of the Deputy Secretary and five Under Secretaries as my principal foreign policy advisers. Portfolios have been shifted and modified to mirror the post-Cold War missions. More importantly, we intend to create a new Under Secretary for Global Affairs responsible for issues as varied—but critical—as human rights, democratization, the environment, refugees, narcotics, and terrorism. President Clinton's nomination of Senator Tim Wirth—a person who I think you all know and whose accomplishments are well known to you—sends a clear signal on the importance that the Administration attaches to these global responsibilities.

Our reorganization will also create new focal points for key foreign policy initiatives—notably, an Ambassador-at-Large and Special Adviser for the new independent states of the former Soviet Union. President Clinton has nominated Strobe Talbott—a trusted friend and an eminent expert in this area—to manage the full range of our relations with this vital and volatile region. I can say that we're already benefiting from Strobe Talbott's advice as the President prepares for the summit with [Russian] President Yeltsin on April 4 in Vancouver, British Columbia [Canada].

Our reorganization plan not only adds these two new important positions, but it also will reduce excessive layering within the Department of State and do much to streamline our policy processes. We have set a target of cutting back the number of our Deputy Assistant Secretaries and their equivalents by up to 40 percent, and we're well on the way to doing that. Wherever possible,

we intend to force decisionmaking down. Our objective is a quicker policymaking, more open policymaking, and better policymaking.

Mr. Chairman, we also intend to eliminate 11 bureaus or important positions, all in the way of trying to be more economical and to streamline our processes. I think we can do the job better with fewer resources and [by] cutting out a substantial amount of an intermediate layer.

I have implemented some of these initiatives. Some will require congressional action, and we will seek the counsel of you and your other colleagues in the House and Senate as we move forward with this very important institutional reform to which I am strongly committed.

It is so important that I have asked Deputy Secretary Clif Wharton—a man of extraordinary ability and very broad experience in business—to direct our efforts to create a State Department for the 21st century. In addition to implementing the current reorganization plan, I have asked Dr. Wharton to oversee and improve the way the executive branch manages the international affairs budget. We simply must do a better job of assessing our priorities and allocating our resources.

I have also asked other key members of the State Department's team—especially Under Secretary-designate [for Management] Brian Atwood—to focus efforts on modernizing the Department of State. We must assure clearer financial accountability for our operations. We must invest in better training for our personnel, both Foreign Service and Civil Service. And we must work unceasingly to ensure that the face the Department shows to the world is an American face of diversity. In short, we must remake the State Department.

As I have gone around the world, especially on my recent trip, I have been struck by the lack of diversity in the representatives of other governments. We cannot solve that problem, but we can deal with our own problem, and I'm going to make one of our highest priorities to increase the diversity within the higher ranks of the State Department. We are doing considerably better at the entry levels, but there is much room for improvement here.

I have also asked Dr. Wharton to examine the role of the U.S. Agency for International Development and to report to me his recommendations before the end of April. USAID, like the State Department as a whole, must plainly change. And we look forward to working with Congress to restructure our assistance program to reflect our foreign policy priorities, such as promoting democracy, enhancing competitiveness, and supporting the peace process. We also need to reorganize—and we need your thinking on this—we need to reorganize ACDA, the USIA, and the Board for International Broadcasting to take into account the new world priorities.

The need for a truly integrated foreign policy certainly demands this kind of a reorganization and nothing less.

CONCLUSION

Mr. Chairman, as I conclude, let me say [that] I was struck as I prepared this testimony by the extent to which the challenges confronting the State Department closely parallel those confronting our nation as a whole. President Clinton's call for investment, for innovation, for putting people first, resonates as strongly in Foggy Bottom as it does on Main Street. I'm really dedicated to seeing that the State Department, along with the other departments of government, answers the President's call.

This is a call for a renewal, and it really touches a deeply American chord. It echoes with our history. In 1862, Abraham Lincoln wrote that as our case is new, we must think anew and act anew. Our case is, thankfully, somewhat less grave than that facing Lincoln, but the injunction

remains as compelling today as it was a hundred years ago. It holds true for American foreign policy, just as it does for American domestic policy.

The Cold War has ended and with it the imperatives that define America's role in the world. With it we must have new policies, and we must reorganize our foreign policy establishment. It is time to think anew and to act anew. This will take vision on your part and on our part. We will have to work hard. It will take courage to shift away from old priorities. It will take a real partnership—between Democrats and Republicans, between Congress and the executive branch—and also a partnership between government and the American people, to convince the American people that we are acting in their interest. So far as I am concerned, my partnership with this committee begins today, and I look forward to a good relationship. I know I can count on you, and I will tell you that you can count on me.