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# Foreign Affairs Budget Request For Fiscal Year 1993

By

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Secretary of State

[The following is a reprint of Secretary Baker's statement before the Senate Foreign Relations Committee, Washington, DC, February 5, 1992.]

Mr. Chairman, it is a privilege to appear before this committee to testify on behalf of our foreign affairs funding proposal for FY 1993.

## A YEAR OF TRANSFORMATION

Mr. Chairman, just a year ago this week, I presented our FY 1992 budget to this committee. Since then, we have lived through a dramatic year, a year of fast-paced change, a year that marks the end of one era and the birth of another, a year that our children and grandchildren will read about in their history books:

- It was the year an unprecedented American-led coalition reversed Iraqi aggression, restored Kuwait's legitimate government, and ensured that we would not be held hostage to a dictator's ambitions.
- It was the year that our investment in peacemaking began to pay dividends around the world, as old adversaries in El Salvador, Cambodia, and Southern Africa started bridging decades of mistrust.
- It was the year that even in the Middle East—scene of decades of war, bitterness, and hate—we saw ancient enemies sit down to talk: only a first step, but a vitally important one on the road to peace. The United States can be proud of our role in this historic break through.
- It was the year we began negotiating a North American Free Trade Agreement—an agreement that will eventually create the world's largest market, with annual production of \$6 trillion and more than 360 million people.
- But, above all, it was the year that Stalinism and the Soviet Union collapsed, and a dozen new states struggled to take their place in the community of democratic nations.

Mr. Chairman, the meeting between President Bush and [Russian] President Yeltsin last weekend made this shift formal in the Camp David Declaration: the Cold War has ended, and we now have a chance to forge a democratic peace, an enduring peace built on shared values—democracy and political and economic freedom. The triumph of these values in Russia and the other new independent states will be the surest foundation for peace—and the strongest guarantee of our national security—for decades to come.

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## BUT CHALLENGES REMAIN

Mr. Chairman, the world is a more promising and better place today than it was a year ago. The dramatic events we have witnessed and shaped are cause for optimism. But that optimism should not—and must not—blind us to the challenges remaining. Those challenges are real. Let me mention just a few:

- Proliferation of weapons of mass destruction remains a deadly menace to international peace. Revelations about Iraq's advanced nuclear program and the specter of a buyer's market in Soviet nuclear know-how drive home a clear lesson: only by constant, concerted vigilance—the sort of vigilance that brought us victory in the Cold War—can we ensure our national and international security.
- Regional conflicts have abated but not everywhere, and not at the same pace. India and Pakistan, for example, have just begun the daunting process of reconciliation. Peacemaking—no more so than in the Middle East—is painfully protracted. Peacekeeping in El Salvador, Cambodia, and elsewhere will be expensive. We and the world community must be persistent in our support of both.
- Opening markets to American goods and services presents a particularly complex challenge. Bilaterally, we must negotiate to ensure that our goods and services are not shut out of individual foreign markets. Regionally, we must maintain momentum toward the promise of a North American Free Trade Zone. And globally, we must take the lead to ensure that the Uruguay Round succeeds and trade barriers come down worldwide.
- And, Mr. Chairman, let us not forget the task of consolidating democratic values. The victory of democracy has not been universal, and it is certainly not inevitable.
- In much of the world, representative government and rule of law remain fragile or a distant dream. We must remember that the United States is more than the greatest democracy in the world: we are the spokesman for the democratic community everywhere.

None of these challenges can be met by wishful thinking; none will disappear if we close our eyes. But I am convinced that we can forge an effective policy in pursuit of our interest in a free, prosperous, and peaceful world.

This holds especially true of the greatest challenge confronting us today: helping the new states of the former Soviet Union find their place as peaceful, democratic, and prosperous members of the world community.

How we address this challenge will, I believe, shape world events through the next century. But, Mr. Chairman, I believe that we have at hand a tool to meet this challenge—a tool that augments our bilateral diplomacy and enhances our influence. It is a tool that helped us to victory over Iraq. And, it is the tool that will loom ever larger in our foreign policy as we leave containment behind.

## FROM CONTAINMENT TO COLLECTIVE ENGAGEMENT

That tool is collective engagement: nations taking concerted action to pursue common interests and solve common problems. Over the last few weeks alone, I have seen this concept in action around the world:

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- In Prague, I met with the other 47 members of the Conference on Security and Cooperation in Europe to continue its worthy work as the conscience of a continent, helping build democracy from Vancouver to Vladivostok;
  - In Moscow, I met with three dozen ministers as the Mideast peace talks took on a new multilateral dimension in recognition of the international community's interest in bringing peace to this troubled region;
  - In New York, the President joined with 14 other leaders and UN Secretary General Boutros Ghali to chart a new course for the UN Security Council—a body just now emerging into full maturity as a forum for international consensus—building and common action; and
  - In Washington, perhaps most extraordinarily of all, 54 nations and international organizations joined together in a Coordinating Conference to divide labors and help meet emergency humanitarian needs in the former Soviet Union.

### **A SECOND COALITION**

Mr. Chairman, that conference forged a new coalition, a coalition no less important than the one that freed Kuwait:

- A coalition to support democracy in the new states of the former Soviet Union;
- A coalition to help struggling peoples through the painful transition to a market economy;
- A coalition to combat an immediate, very human emergency; and, above all,
- A coalition to provide hope in hard times—hope for a better future, not just for the peoples of the new independent states but for the world at large.

### **THE PROMISE**

Many of those extending a helping hand at the Coordinating Conference were once, like ourselves, old adversaries of the Soviet Union. Some were once dominated by Stalinism. But all were united in common appreciation of the extraordinary promise attending the collapse of totalitarianism in the Soviet Union.

This promise would have been unimaginable even a few years ago:

- The prospect of close to 300 million people waking from an over 70-year nightmare of totalitarian rule and charting their own democratic destiny;
- The possibility of 12 new countries converting from a crippling command economy to vibrant free markets;
- And, perhaps most importantly, the real hope of putting the world's nightmare of nuclear confrontation behind us.

### **COMMON INTEREST, CONCERTED ACTION, AMERICAN LEADERSHIP**

As I noted in my address to the Coordinating Conference: global problems demand global solutions. And so it was at the conference: not just America and its European allies, but countries

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from Eastern Europe, the Far East, Latin America, and the Persian Gulf sat down together to compare assessments and plot plans of action to help meet humanitarian needs.

This coalition, like the one that achieved victory in the Gulf, is firmly rooted in the principle of responsibility sharing. This does not mean totaling up a bill, then splitting the check. It means marshalling resources—financial, technical, and human—from all interested parties, private and public, in support of a common goal. Working with other key international players—especially the G-7 countries [the United States in conjunction with Canada, France, Germany, Italy, Japan, and the United Kingdom], the European Community, and NATO—we can achieve together what we could never reach alone.

And this coalition, like the one we forged during the Gulf crisis, requires America once again to demonstrate leadership. Just as we led the alliance that won the Cold War, we must now help lead the coalition to win the peace.

For America's part, Mr. Chairman, our effort is well underway:

- Last week, an international "contact" team met in Minsk with representatives of the new states to discuss the action plans of the Coordinating Conference and to accelerate the process of international cooperation to deal with the global emergency.
- Operation Provide Hope—a major, short-term airlift of emergency humanitarian assistance—begins next week. Aircraft of the U.S. Air Force will fly urgently needed food and medical supplies to each of the 12 new independent states where it is safe to do so.
- Over the next 3 months alone, we will provide wheat, dairy products, baby food, cooking oils, meat, antibiotics, and other medicines to those most at risk: the old, the young, and the sick.
- And we have appointed Ambassador Richard Armitage, a veteran trouble-shooter, to serve as U.S. Operational Coordinator.

This and other aid to the new states is no substitute for tough domestic reforms. These new states need to maintain their commitment to economic and political reform. We know that. So do the leaders and peoples of these new states. But I am convinced that international help can play a critical role in helping meet this emergency and in helping reform.

## THE RISK

I spoke earlier of the promises associated with the break-up of the Soviet Union. Let me now speak bluntly of risks. The newly independent states are struggling bravely to create new societies based upon representative and accountable government, the rule of law, and the free market. But they do so burdened by the wreckage left by over 70 years of political and economic misrule. The temptations of ethnic conflict and authoritarian rule remain strong. And, despite dramatic progress on arms control, nearly 30,000 nuclear weapons remain stationed in the states of the former Soviet Union.

So, as we move ahead with helping overcome the humanitarian emergency, we must also help the new states guarantee the security of nuclear weapons, eliminate large numbers of them, and safeguard against proliferation of weapons and technologies of mass destruction.

In this regard, I visited Russia, Ukraine, Kazakhstan, and Byelarus in December to discuss the need for these new governments to commit to and implement responsible security policies. We sent the Under Secretary for International Security Affairs, Ambassador (Reginald) Bartholomew,

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to visit the former Soviet Union last month to discuss issues of nuclear command and control, weapons destruction and dismantlement, and non-proliferation more generally. I also had productive discussions with President Yeltsin last week in Moscow, and President Bush had productive discussions at Camp David. I will be following up when I go to Moscow next week.

The assurances we have received through this high-level dialogue have been very positive, and we look forward to continuing them in the future. As we move forward:

- We must ensure that the new states meet their pledge to keep nuclear weapons under single unified control.
- We must go forward with the destruction of tactical nuclear weapons resulting from President Bush's dramatic initiative of September 27. We are helping the new states accelerate the dismantling of nuclear weapons.
- We must see that the new states honor their commitment to implement the START (Strategic Arms Reduction Treaty), CFE (Conventional Armed Forces in Europe), and non-proliferation treaties.
- We must help the new states of the former Soviet Union fashion effective export controls. President Yeltsin's announced intention to adopt legislation regulating dual-use technology is most welcome.
- We must develop specific proposals for scientific cooperation aimed at reducing incentives for scientists to transfer their expertise to would-be proliferators. We will shortly name a senior State Department official to coordinate this effort.
- And, of course, we ourselves should ratify the START Treaty.

Mr. Chairman, I cannot overemphasize this last point. START remains a critical element in our relationship with the new states. **First**, the START verification regime increases transparency and openness at a time of turbulence and change. **Second**, START creates a legally binding regime which creates obligations that will make it easier for us to lock in substantial and stabilizing reductions. **Third**, START provides a sound structure and ground rules within which further reductions can be quickly achieved. **Finally**, START encourages Ukraine, Byelarus, and Kazakhstan to seek a non-nuclear future.

I do not wish to strike a note of alarm. Indeed, like the leaders and peoples of the new states themselves, I am full of hope for a better future for them and us.

But I must still stress: the belief that the world is safe enough to suffer a little American neglect is just plain wrong. This Administration believes—and our budget assumes—that American leadership remains a necessity, not a luxury.

## OVERVIEW OF OUR FUNDING REQUEST

Mr. Chairman, in FY 1993, we seek \$22.1 billion in discretionary budget authority for international affairs and \$20.6 billion in outlays. This compares with FY 1992 figures of \$22.2 billion in requested, or enacted, budget authority, and \$20.1 billion in outlays. Our request is within the limits on budget authority and outlays set by the Budget Enforcement Act of 1990.

As Secretary of State, I am daily faced by the challenges confronting the United States around the world. But I am also a public servant acutely aware of my duty to husband the

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taxpayer's dollars during a period of economic hardship here at home. This budget reflects both these facts. It is a lean budget for lean times.

But this is also a flexible budget, one that reflects the changed international environment in which we live. I would like to highlight two initiatives before moving on to a more general overview.

## **AID TO THE NEWLY INDEPENDENT STATES**

Aid to the states of the former Soviet Union is the centerpiece of our budget request. We seek \$620 million in new appropriations for fiscal years 1992 and 1993:

- \$500 million for a special humanitarian and technical assistance account to meet emerging humanitarian and special assistance needs;
- \$100 million in Economic Support Funds to promote democratic reforms, economic restructuring, and defense conversion;
- \$10 million in Development Assistance targeted at the poorer republics; and
- \$10 million in PL 480 Food for Peace or a "Farmer-to-Farmer" technical assistance program.

Combined with \$860 million in funds available under existing legislation and \$3.75 billion in CCC [Commodity Credit Corporation] export guarantees, our proposal will provide more than \$5 billion in much needed help to the new states.

## **SUPPORT FOR INTERNATIONAL ORGANIZATIONS AND MULTILATERAL PEACE EFFORTS**

In peace-keeping, as with our help for the republics of the former Soviet Union, we intend to "put our money where our mouth is." We seek to reinforce the new solidarity of the United Nations that was first displayed during the Gulf crisis and to support its key role in defusing regional conflicts.

We, therefore, propose \$350 million as an amendment to the FY 1992 budget and \$350 million in the FY 1993 budget to support our fair share of new and expected peace-keeping activities in Cambodia, El Salvador, Africa, the Mideast, and, perhaps, Yugoslavia. We consider these funds nothing less than an investment in peace.

We also propose to make a third installment of \$115 million on arrearages we owe to the United Nations and other international organizations, and we are requesting advance appropriations for FY 1994 and FY 1995 to ensure continued payment of arrearages.

In addition, we also believe it is critical that we meet our commitments for the IMF (International Monetary Fund) quota increase. In combination with other member States, this would provide the increase in the IMF capital base that is necessary for this institution to take a leading role in fostering economic restructuring in Russia and the other new independent states.

Let me now turn to other areas of the budget.

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## FOREIGN ASSISTANCE

Foreign assistance remains an essential tool in advancing U.S. interests in the 1990s. It permits timely, flexible support for our interests in political pluralism, free market economic development, peace-making, and strong alliances. Total foreign assistance will decline \$465 million in FY 1993, from our FY 1992 request level of \$16.3 billion to \$15.8 billion. Salient features of our bilateral assistance program for FY 1993 include:

- An 11 percent decrease in military assistance from \$4.7 billion to \$4.2 billion, reflecting lessening international tensions. Israel and Egypt will receive about 70 percent of all military assistance; the balance will go to other allies, including Portugal, Turkey, Greece, and the Andean countries.
- A \$100 million cut in Economic Support Funds from \$3.2 billion to \$3.1 billion. Israel and Egypt will receive about 65 percent of all funds under this program. Other major recipients include the states of the former Soviet Union, El Salvador, Nicaragua, and the Andean countries.
- A \$50 million increase in assistance to Eastern Europe from \$400 million to \$450 million, with a focus on strengthening democratic institutions and the free market.
- Roughly constant development assistance at \$2.5 billion, including the Development Fund for Africa. We expect to provide assistance to 70 countries with programs emphasizing sustainable, broad-based economic growth.
- A special \$100 million Capital Projects Fund to help recipient countries invest in infrastructure.
- A \$25 million Asian Environmental Initiative to address the serious environmental problems that constrain Asian economic growth.
- \$1.3 billion in food assistance under the P.L. 480 program aimed at helping the needy around the world and developing future markets for U.S. agricultural products.
- \$286 million under the Enterprise for the Americas Initiative (EAI) to reduce debt owed the United States by countries undertaking economic liberalization—an investment in the future of a fast-growing market for American exports.

## MULTILATERAL DEVELOPMENT INSTITUTIONS

For FY 1993, we request \$1.8 billion for multilateral development institutions that foster economic reform and growth in developing countries. This includes \$100 million for the EAI Multilateral Investment Fund to be administered by the Inter-American Development Bank; the Fund will offer technical advice and financial support to countries liberalizing their investment regimes. We also propose a new, 4-year replenishment for the Asian Development Fund, with an initial installment of \$170 million in 1993.

## VOLUNTARY CONTRIBUTIONS

We also request \$257 million in voluntary contributions to international organizations, such as the UN Development Program (\$124 million) and the UN Children's Fund (\$60 million) during FY 1993.

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## REFUGEE PROGRAMS

The United States has long played an important, even critical role in addressing the plight of the world's refugees—nowhere more evident in 1991 than in our timely assistance to the Kurds. Our FY 1993 request includes \$550 million for Migration and Refugee Assistance and \$20 million to replenish the Emergency Refugee and Migration Assistance Fund. For our refugee programs overseas, we seek \$265 million to assist international efforts to provide protection, care, (and) resettlement and repatriation assistance to refugees. To finance our refugee admission and resettlement program, we seek \$208 million. This will cover the expenses of an estimated 122,000 refugees planned for admission into the United States. Finally, continuing a program begun in 1975, we propose \$50 million to support refugee resettlement in Israel.

## WAR ON DRUGS

In FY 1993, we request about \$580 million for international counternarcotics programs to combat the flow of illegal drugs into the United States—a top national priority; \$173 million will fund activities of the Bureau of International Narcotics Matters, such as law enforcement programs in Latin America and Asia and the counter-narcotics air wing; \$250 million in Economic Support Fund assistance will help Colombia, Peru, and Bolivia revitalize their legal economies and create alternatives to coca cultivation. FMF (Foreign Military Financing), USAID (U.S. Agency for International Development), and USIA (U.S. Information Agency) programs round out the international affairs counter-narcotics package.

## INVESTING IN DIPLOMACY

The collapse of the Soviet Union has produced a once-in-a-century opportunity to advance American interests and values throughout the world. One of our top priorities will be opening new embassies in the former Soviet Union and expanding our presence in the Baltics and Cambodia. Just this last month, we've opened embassies in Kiev, Alma-Ata, Minsk, Bishkek, and Yerevan.

As we seek to meet these opportunities, we must also implement the Immigration Act of 1990; provide consular services to Americans abroad; train our officers to speak new languages and understand emerging issues; and continue our long-deferred program to repair, update, or replace our diplomatic and consular facilities.

In FY 1993, we seek \$2.1 billion for State Department operations—an increase of \$115 million over the current year.

Additionally, we request \$600 million for our Foreign Buildings Program. Of this total, \$140 million will go to complete construction of modern and secure facilities in Moscow—an important step in putting this lingering problem behind us.

## PUBLIC DIPLOMACY

American public diplomacy was at the cutting edge of American policy toward the revolutions of Eastern Europe and the former Soviet Union. In FY 1993, we request \$1.1 billion for the United States Information Agency, which plans to expand its activities in the states of the former Soviet Union and in Cambodia. We also seek \$220 million for the Board for International Broadcasting.

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## PEACE CORPS

In FY 1995, we request \$218 million for the Peace Corps. This will support high-priority activities in Central and Eastern Europe and up to 500 volunteers in the republics of the former Soviet Union without causing a lessening of our efforts elsewhere.

## CONCLUSION

Mr. Chairman, after this quick tour of our foreign affairs budget, I would like to return to an observation I made at the very beginning of these remarks: we are moving into a new era. It is an age so new that it has yet to acquire a name. We enjoy the unique opportunity to help shape this new era and to define it for generations to come.

Will it be known as the Era of NeoIsolationism? The Second Age of Protectionism? The Era of Proliferation? The Age of Dirty Little Wars? Or will it be known as the Era of Prosperity, the Age of Democracy, the Long Peace? The choice, in so many ways, is ours.