
LEGISLATION AND POLICY

The Foreign Affairs Budget: Our Foreign Policy Cannot be Supported On the Cheap

by

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Thank you, Mr. Chairman. I am pleased to appear before the House International Relations Committee for the second time this year—and before the Congress for the 10th time in as many weeks. This kind of frequent dialogue is an essential part of my responsibilities as Secretary of State.

Two months ago, I outlined for you the four principles that drive our foreign policy: first, that the United States must continue to engage and to lead; second, that we must maintain effective relations with the world's great powers; third, that we must adapt and build institutions that will promote economic and security cooperation; and fourth, that we must continue to support democracy and defend human rights. These are the principles that will guide this Administration as we focus on areas that offer very significant opportunities to advance American interests in 1995.

To take advantage of those opportunities, we must be willing to pay the price of leadership. I am here today to make the case for full funding of the International Affairs Budget that the President submitted to Congress last month.

Our International Affairs Budget represents only 1.3% of total federal spending. This budget has absorbed substantial real cuts in the last several years and is now 45% lower in real terms than it was one decade ago. Despite the extraordinary challenges we face in the post-Cold War era, our 1996 spending request is essentially what we are spending in the current fiscal year. Indeed, the resources we are requesting are, in my judgment, the rock bottom minimum that we need to advance our nation's vital interests.

The American people rightly demand that we apply the most rigorous standards when we decide how to spend their tax dollars. At the same time, the American people rightly expect that their government will do what it takes to protect our nation's interests in the world.

Our foreign policy cannot be supported on the cheap. We will not be able to protect our interests as the world's most powerful nation if we do not marshal the resources to stand by our commitments. We cannot have it both ways. We cannot lead if we do not have the tools of leadership at our disposal.

Those who say they want a strong America have a major responsibility to help keep America strong. Rhetoric without resources would project weakness, not strength. It would worry our friends, embolden our enemies, and imperil the security and well-being of the American people.

The United States spent trillions of dollars to defend the free world during the Cold War. It would be a historic and ironic mistake if we now refused to spend a tiny fraction of that sum to consolidate the gains that were made as we ended the Cold War in victory.

Consider what we get for our International Affairs Budget of \$21.2 billion: Our budget protects American lives by combating the spread of nuclear weapons, the threat of terrorism, and the scourge of drugs. It supports American jobs by promoting U.S. exports and creating new markets in developing countries. And it gives force to the principles America stands for by bolstering human rights and democracy around the world.

Over the past two years, this modest investment has, among other things, advanced peace in the Middle East. It has helped end violence in Northern Ireland and assisted the transition from apartheid in South Africa. It has led to the detargeting and dismantling of missiles in the former Soviet Union and facilitated the departure of Russian troops from the Baltics. It has promoted free trade and U.S. exports in Asia, the Middle East, and Latin America.

Moreover, the preventive diplomacy that the International Affairs Budget funds is our first and least costly line of defense. Compare the cost of our support for reform in the former Soviet Union to the price we would pay if the region slid back to authoritarianism. Compare the cost of diplomatic action to stem proliferation to the price we would pay if rogue states were able to obtain nuclear weapons. Compare the cost of UN peace-keeping to the price of unilateral military action. And compare the cost of promoting development to the price of coping with famine and a flood of refugees. With these comparisons in mind, it is apparent that shortchanging our preventive diplomacy harms our national interest just as surely as skimping on our military readiness.

I am deeply concerned by the suggestions put forward by the House Budget Committee to reduce sharply the International Affairs Budget—the so-called 150 Account—over the next five years. The committee would have this account absorb a disproportionate 11% share of the proposed spending cuts. These proposed cuts would damage our ability to protect America's security, promote our prosperity, and advance our nation's interests around the world. Let me give you some examples.

The Budget Committee would reduce our assistance to the new democracies of Central Europe and the former Soviet Union at a very decisive stage in their development. Cutting assistance now would impair our efforts to build a new security architecture in the region where two world wars began.

Let me focus on our assistance to the states of the former Soviet Union. The transformation of the former Soviet empire into a region of sovereign, democratic states is a matter of fundamental importance to the United States. Yesterday, as part of my plan and commitment to try to bring American foreign policy closer to home for the American people, I traveled to Bloomington and spoke at Indiana University about our engagement with these countries.

Our approach toward Russia and the other New Independent States is to cooperate where our interests coincide and to manage our differences constructively and candidly when they do not. It is easy enough to enumerate our differences with Russia, but I do not have the luxury of

making a list and simply walking away from the situation. My job is to build areas of agreement and to manage our differences, always having foremost the need to advance our nation's interests.

As I have said, the evolution of Russia's participation in Western institutions will be affected by its respect for international norms and its internal and external policies; for example, Russia's conduct in Chechnya and its nuclear cooperation with Iran. Russia will rue the day it cooperated with that terrorist state if Iran builds nuclear weapons with Russian expertise and Russian equipment.

Our differences with Russia whatever they might be, have not altered our interest in making sure its huge nuclear stockpile is never again a strategic threat to our nation. These differences have not altered our interest in helping Russian reformers build a nation that is finally at peace with itself and its neighbors.

Our assistance to Russia and the other New Independent States advances the vital interests of the United States. Most of our assistance is distributed through private organizations or local governments outside Moscow. It's very important to note that more than half of it goes to the non-Russian states of the region, such as Ukraine and Armenia. I believe that next year, some two-thirds will be going to non-Russian states. Slashing this assistance now would wipe out programs that strengthen the very forces in the region that share our interests and values.

Mr. Chairman, the House Budget Committee also recommends sharply cutting our contributions for international peace-keeping. As I stressed in January, if we deprive ourselves of this instrument, we will be faced with an unacceptable choice when global emergencies occur—a choice between acting alone and doing nothing. We deserve more options than that.

Two months ago, I emphasized to you the Administration's strong opposition to H.R. 872—the National Security Revitalization Act. The bill has since passed the House and is under consideration in the Senate. I remain convinced that this legislation is badly flawed. It would hamstring this and every future President's ability to safeguard our security and to command our armed forces.

Tomorrow, President Clinton will go to Port-au-Prince to commend our troops for their superb performance in the Multinational Force and to mark the transfer to the UN phase of the operation. Mr. Chairman, we condemn the brutal killing of Mrs. Bertin two days ago, but we must not allow this act to overshadow the remarkable strides Haiti has made toward political and economic reform.

Our successful restoration of democracy in Haiti shows what it is possible for us to achieve when we have all the tools of leadership at our disposal. It was President Clinton's determination to use force that finally persuaded Haiti's dictators to step down. It was our nation's willingness to lead that galvanized other nations to join the historic coalition. It was our willingness to provide substantial economic assistance that led the international community to pledge \$1.2 billion to aid Haiti's economic recovery—less than a quarter of which will come from the United States. And it was our leadership in the UN that ensured that a UN mission would take over once a secure and stable environment had been established.

Our leadership in Operation Uphold Democracy has shown that the United States stands by its word. It also has shown that when we mobilize international support for our interests, American soldiers do not have to take all the risks, and American taxpayers do not have to foot all the bills. This is a sensible bargain that I know the American people support.

Many of the Budget Committee's deepest cuts come from development assistance and humanitarian relief programs—programs that support our interests and are consistent with our ideals. This kind of assistance helps prevent the outbreak of conflicts and unrest that would otherwise call for costly international intervention. It promotes development around the world that also creates exports for American companies and jobs for American workers. And, not incidentally, our assistance can save lives. Our programs to expand immunization and rehydration therapy in Africa, for example, save an estimated 800,000 children each year.

I want to add a further word about Africa, where our principled leadership and modest investments have been vital in spurring reform. The contributions we make to multilateral development banks leverage 15 times as much assistance from other nations. Denying these resources could stop Africa's fragile reform process dead in its tracks. It would make humanitarian crises—and the costly international response they require—more likely.

Our nation's assistance to Africa—just one-half of one-tenth of 1% of the federal budget—is neither welfare nor charity. It is a sensible investment in American exports and jobs that is consistent with our most cherished humanitarian ideals. With a half-billion people and imports rising by about 7% annually for the last decade, Africa has tremendous market potential. Those who would scuttle this investment are shortchanging the next generation.

Our investment in foreign assistance has paid long-term benefits to the American people, and this is something that is all too often overlooked. For example:

- Nearly 80% of USAID's contracts and grants go to American firms, and 95% of USAID's purchases of agricultural commodities and related services are made in the United States;
- Last year alone, U.S. companies earned \$2.7 billion directly from procurement contracts with the multilateral development banks, creating or sustaining an estimated 54,000 American jobs;
- American firms now enjoy annual export sales to South Korea worth triple the amount of assistance we provided in the decade after the Korean war;
- Our exports to Latin America in 1993 alone were two-and-a-half times more than the total economic assistance we provided over the previous 44 years, and
- Forty-three of the top 50 consumer nations of American agricultural products were once foreign aid recipients.

The Budget Committee also would cut resources for international organizations. This includes funds for institutions crucial to our security, such as NATO, and also the International Atomic Energy Agency, which monitors the North Korean nuclear program and advances our global non-proliferation efforts. This budget funds institutions that advance economic cooperation, such as the OECD. And it funds institutions such as UNICEF and the World Health Organization, which help save the lives of millions of people, especially children.

Finally, let me mention one other aspect of the Budget Committee's suggested cuts—significant cuts in the State Department's operating budget. Mr. Chairman, I am committed to making our operations as effective and cost-efficient as possible. After four years of essentially flat budgets, this year's request of \$2.6 billion for State Department operations represents a significant decrease in real terms. Indeed, our operating budget is 15% lower in real terms than it was just three years ago.

As you know, Vice President Gore has been heading up a major effort to re-invent government. I have taken the strong position that the foreign affairs agencies are not exempt from that process. Each of the foreign affairs agencies is proceeding vigorously with streamlining efforts. I am convinced that ACDA, USAID, and USIA each has a distinct mission that can best be performed if they remain separate agencies under my general supervision.

With respect to our own streamlining efforts, the State Department has closed 17 posts overseas since I took over as Secretary of State. We have abolished or downgraded more than 40% of our deputy assistant secretary or equivalent positions. We have reduced total senior officer positions to the point where we will meet congressional targets ahead of schedule. All told, there are now 1,100 fewer people at the State Department than there were when I arrived in 1993. We will continue to downsize in the year to come by closing 15 more posts, eliminating another bureau within the Department, further reducing mid-level managers, and cutting administrative overhead.

Two weeks ago, I announced a major initiative to remake the State Department from the bottom up. We are determined to do our part to meet the taxpayers' insistence that all federal agencies become more efficient and cost-effective. We will be taking concrete action over the next several weeks and months to cut the duplication of effort within our ranks, to increase accountability, to strengthen our policy formulation, to further cut back our administrative forces, and to focus our reporting and analysis on what is essential.

All that being said, I am also committed to providing adequate resources to the dedicated men and women who serve our nation's international affairs agencies. At 266 diplomatic and consular posts overseas, these men and women help American companies open markets and create American jobs. They help keep our borders secure and keep drugs off our streets. They negotiate and monitor arms control agreements and peace treaties. They assist and protect their fellow citizens overseas. In FY 1994, for example, they issued 6 million passports and provided more than 1.7 million services to Americans abroad, from simple notarials to complex child custody cases. And often they do all this under the most difficult and dangerous conditions. The deadly terrorist attack on American personnel in Karachi is only the most recent example of the kind of threats and hardships that our people face as they serve on a day-to-day basis.

In my view, diplomatic readiness is no less important than military readiness. Yet almost 75% of the telephone systems serving our overseas posts are obsolete—so archaic that when we needed repairs in the Department's vital 24-hour operations center, the AT&T repair technician had to consult with Bell Labs on how to service the equipment. Almost 80% of our automated data processing equipment belongs in museums or antique shops—so old that we cannot get maintenance contracts or locate spare parts. We must have the resources we need to do our job. There is a readiness issue at the State Department just as there is across the river.

In short, the International Affairs Budget is an essential investment in our nation's security and prosperity. And the fact is, Mr. Chairman, the foreign policy strategy that this budget supports is producing tangible benefits for the American people right now.

Allow me to give you a brief update on the significant progress that we have achieved in the five areas of opportunity I outlined for you in January: first, promoting an open global trading system; second, developing a new European security architecture; third, helping to achieve a comprehensive peace in the Middle East; fourth, combating the spread of weapons of mass destruction; and fifth, fighting international terrorism, crime, and narcotics.

ECONOMIC SECURITY

An increasingly open trading system is vital to American exports and American jobs. That is why we are now implementing the Uruguay Round agreement and ensuring that the new World Trade Organization upholds vital trade rules and disciplines. That is why we have been working with Japan and our other APEC partners to develop a blueprint for free and open trade in the Asia-Pacific region. That is why we are implementing the Summit of the Americas Action Plan for free trade in our hemisphere.

At the same time, it is essential that American companies and workers be able to take advantage of the opportunities that these negotiations are helping to create. That is why this Administration is sparing no effort to make sure that our companies can compete on a level playing field. As the man who sits behind what I call the America Desk at the State Department, let me assure you that I am determined to keep economic and commercial diplomacy at the core of the Department's work.

Exports have been the driving force in our economic recovery. This Administration has achieved an unprecedented degree of focus and coordination in our export-promotion efforts, and over the last two years, these efforts have created more than I million high-paying American jobs. For FY 1996, we have requested \$900 million to sustain that performance. Our embassies around the world are working harder than ever to help win contracts, safeguard investments, and support American firms and jobs in every way they can.

We really have changed the culture of the State Department in this respect. I am pleased to see CEOs quoted in national publications saying that they have never seen the State Department and our embassies more supportive of American business.

Most recently, we have achieved several important successes in our trade relations with China—the world's fastest growing market. On February 26, for example, we secured China's agreement to enforce intellectual property rights. This agreement includes specify steps to stem Chinese copyright violations and to improve market access for information and entertainment products. Subsequently, we also reached an agreement to pursue negotiations on market access, in particular, for telecommunications, insurance, and agricultural products. And our commercial promotion efforts helped pave the way for more than \$6 billion in contracts finalized during Energy Secretary O'Leary's trip to China last month.

Let me also mention the significant progress we have made in our effort to address the economic crisis of confidence in Mexico. With the full support of the congressional leadership of both parties, President Clinton put forth a package of support for Mexico on January 31. Under the U.S.-Mexico Framework Agreement that Treasury Secretary Rubin and Mexican Finance Minister Ortiz announced on February 21, the United States will make available up to \$20 billion from the U.S. Treasury's Exchange Stabilization Fund. Our support will be complemented by increased commitments now totaling \$17.8 billion from the International Monetary Fund and \$10 billion from the Bank of International Settlements. The Mexican Government, in turn, announced on March 9 a tough economic stabilization plan that tightens monetary policy, cuts government spending, raises taxes, and spurs privatization.

It will take time for the full impact of this package to be felt by investors and for President Zedillo's strong economic medicine to take effect. But our interest in helping Mexico remains clear: the prosperity of our people; the security of our borders, and the stability of our closest Latin neighbor and of other emerging markets in which we have a growing stake in American jobs, exports, and investments.

EUROPEAN SECURITY ARCHITECTURE

The President's comprehensive strategy to build a new European security architecture is gathering force. Its key elements include a steady, transparent process of NATO enlargement, enhancing the Partnership for Peace (PFP), strengthening the Organization for Security and Cooperation in Europe, and developing the NATO-Russia relationship in parallel with NATO enlargement.

The President's budget request meets the commitment he made in Warsaw last July to help the states of Central and Eastern Europe participate in the PFP. This will help potential members prepare for the obligations they will assume if they join the alliance. For others, it will help promote their close cooperation with NATO.

We are convinced that the strategy outlined by the Administration offers the best chance to promote a secure, stable, undivided Europe. By following an open, inclusive, step-by-step approach to NATO enlargement, we give every new democracy an incentive to consolidate reform.

We and our NATO allies will complete our internal study on the "how and why" of enlargement and discuss it with partners this fall, so that we will be ready to consider the next steps at the December NATO ministerial. In Geneva, I emphasized to Foreign Minister Kozyrev that it is in Russia's interest to participate constructively in the process of European integration. Russia has an enormous stake in a stable and peaceful Europe. No country has suffered more when Europe has not been at peace. Russia's path to deeper involvement in Europe is open. It should not choose to isolate itself from this effort.

As I emphasized in January, the tragic war in Bosnia underscores the urgency of building a more effective means of conflict prevention and resolution. That crisis is entering a very precarious stage. In the coming months, we face a real risk of renewed and more destructive conflict not only in Bosnia but perhaps elsewhere in the Balkans.

Since the cease-fire and cessation of hostilities in Bosnia was agreed to last fall, we have used every opportunity to intensify our diplomatic efforts to bring an end to the war. Earlier this month, American leadership was instrumental in persuading President Tudjman to allow UN forces to remain in Croatia. This will be a major step forward in our common effort to prevent a wider war. It will inject an important element of stability into the situation. And it will help preserve Croatia's territorial integrity—an objective we wholeheartedly support. For all these reasons, it is essential that we reach expeditious agreement on a new mandate.

Two weeks ago, on the anniversary of the Washington Accords, we reaffirmed our commitment to support the Bosnian Federation with the inaugural meeting of a new support group—the "Friends of the Federation."

First, the group pledged to help resolve the political and constitutional differences that have complicated implementation of the Federation. I have appointed Roberts Owen, the former Legal Adviser of the State Department, as arbitrator. Second, we will seek to broaden political, economic, and moral support to advance the partnership between the Muslim and Croat communities. This year, the United States will contribute \$30 million for reconstruction and development in the Federation. Third, we will focus on resolving practical problems on the ground. We will work with all sides to help displaced persons return home and to help restore unified community life.

Finally, we are undertaking new efforts to revitalize the diplomatic track that seeks to achieve a negotiated settlement in Bosnia-Herzegovina. In the meantime, I have called on all sides to respect the current cessation of hostilities and to extend it before it expires on May 1. The Contact Group, which resumed its meetings in London on Monday, is focusing its efforts to this end.

I remain convinced that this conflict can be settled only at the negotiating table. The leadership of the Pale Serbs should accept the Contact Group plan as the starting point for a just and peaceful solution. The integrity of the Federation can best be assured if a settlement is achieved that preserves the Bosnian state in its internationally recognized borders.

Mr. Chairman, we are all frustrated by the intractability of this conflict. But as I have said repeatedly, unilaterally lifting the arms embargo would only worsen the situation. What Secretary Perry has referred to as the "lift and pray" scenario would neither save lives nor secure peace. It would lead to the withdrawal of UNPROFOR and an escalation of violence. It would effectively Americanize the conflict and lead others to abandon the sanctions on Serbia. And it would undermine the authority of all UN Security Council resolutions, including resolutions that impose sanctions on Iraq and Libya.

MIDDLE EAST PEACE

Nowhere is the importance and effectiveness of sustained American engagement more evident than in the Middle East. Over the last several years, we have witnessed a fundamental transformation in the region—a transformation that this Administration has helped to inspire. Our budget allocates \$5.24 billion to maintain our efforts.

I do not want to underestimate the challenges we face—terrorism by those who want to kill the process and efforts by states such as Iraq and Iran to undercut regional stability. At the same time, we have seen a real willingness among those who desire peace, prosperity, and stability to stand up for what they believe in. From our friends in the Gulf resisting Iraqi aggression to our Arab and Israeli allies who are fighting for peace, there is a genuine commitment to create a new future for the region.

The President is determined to support that goal. Last week, Vice President Gore visited the region to bolster the peace process and to discuss bilateral relations with Jordan, Oman, Saudi Arabia, Israel, and Egypt. While in Egypt, the Vice President inaugurated the U.S.-Egyptian Partnership for Economic Growth and Development. The Vice President also visited Jericho, where he signed three major projects to advance our top priorities of job creation, infrastructure and community rehabilitation, and private sector support. The Vice President also met with the Secretary General of the Organization of the Islamic Conference to discuss relations between the Islamic and non-Islamic world.

Building on the momentum of the February 2 Cairo summit and the unprecedented meeting at Blair House on February 12, I traveled to the region March 7-14 to offer encouragement and to energize the negotiations. I found all the parties dedicated, serious, and resolved to move ahead. Indeed, by the end of my trip, we had succeeded in helping the parties get the process back on track.

First, Israel and the Palestinians are trying to meet one another's requirements and to push forward in their negotiations. Israel is serious about moving to phase two of the Declaration of Principles, including a transfer of authority, redeployment of troops, and elections. Security and action against terror are Israel's primary concerns. The Palestinian Authority has taken some steps to deal with these issues, but it must fulfill its commitment to preempt terror,

punish those responsible, and deny safehaven to those who plan and carry it out. The creation of a senior security committee announced by Minister Peres and Chairman Arafat during my stay is an important step forward.

We know that economic development is the essential underpinning of a secure and stable peace. I visited Gaza, where I encouraged the Palestinians to do their share to develop effective, accountable institutions. The United States is working hard to provide economic assistance and to support Palestinian self-government through the provision of vehicles for the Palestinian police, medical assistance, and USDA technical advice to expand agricultural development. We also are encouraging other nations, with World Bank assistance and coordination, to do everything they can to fulfill their pledges for 1994 and to provide assistance in 1995.

Second, my trip helped re-energize negotiations between Israel and Syria. We succeeded in creating a work plan that has begun with their two Ambassadors meeting under our auspices. We will continue to work with them to prepare the ground for the military experts on each side to meet. I do not believe in last chances, but we are entering a crucial phase on this track. If a breakthrough is to be achieved, critical decisions will have to be made. The President and I will continue to do all we can to help move the process forward.

Third, I was able to underscore America's support for Jordan's courageous role in the peace process—support the Vice President reiterated during his trip to the region last week. Let me be clear: we are committed to full debt-forgiveness, and we will meet that commitment. This is an opportunity for us to show the King of Jordan and the Jordanian people that if they are prepared to take risks for peace, we are prepared to support them.

And fourth, my trip helped reaffirm strong backing for the maintenance of sanctions against Iraq. We recognize the desire of many parties in the region to alleviate the suffering of the Iraqi people, and we will work within the framework of the UN Security Council resolutions to ease their burden. But make no mistake. The suffering of the Iraqi people is a direct consequence of Saddam Hussein's own intransigence, indifference, and neglect. There can be no relaxing of sanctions until Iraq complies fully with the relevant UN obligations.

I want to add something about a matter I know is of great concern to us all—the fate of the two Americans detained in Iraq. They innocently strayed into Iraq, and their detention and sentences are totally unjustified. We have insisted that they be released immediately. We hold the Iraqi Government directly accountable for their well-being and welfare during their period of detention.

We are vigorously pursuing a range of diplomatic channels to secure their freedom, reserving all of our options in this process. Iraq will receive no concessions and has nothing to gain from continuing to hold them in custody. The continued detention of these two men demonstrates that Iraq is not qualified to re-enter normal relations with the international community.

I also would like to address the situation in northern Iraq and the Turkish military incursion. The United States understands Turkey's need to deal firmly with the PKK, which is a vicious terrorist organization. At the same time, we will continue to insist that Ankara do everything possible to avoid harm to the civilian population and that it limit the scope and duration of its operation. The President has made our views of this operation clear to Prime Minister Ciller, and I have done the same with the Prime Minister and Foreign Minister.

NON-PROLIFERATION

Our fourth area of emphasis is to intensify our efforts to stop the spread of weapons of mass destruction and their means of delivery. Our 1996 budget dedicates \$166 million to meet proliferation threats. Of this sum, \$76.3 million will go to the Arms Control and Disarmament Agency—ACDA—to support its important role in arms control policy, implementation—including the crucial implementation of the Chemical Weapons Convention.

Our budget also provides funds to the International Atomic Energy Agency—an organization vital to our non-proliferation efforts and especially to the implementation of the Agreed Framework with North Korea. And it replenishes the Non-Proliferation Fund we use to combat nuclear smuggling, strengthen export controls, and destroy weapons of mass destruction and their delivery systems.

The centerpiece of our strategy remains the indefinite and unconditional extension of the Non-Proliferation Treaty, which is up for renewal this year. As President Clinton said in his recent speech at the Nixon Center, “The NPT is the principal reason why scores of nations do not now possess nuclear weapons.” To demonstrate the seriousness of the U.S. commitment to NPT extension, the President has ordered that 200 tons of fissile material be permanently withdrawn from the U.S. nuclear stockpile. I believe that our concerted diplomacy will pay off with support from a majority of NPT parties for indefinite extension.

With the agreements President Clinton signed last December in Budapest, we also are implementing the START I nuclear reduction treaty. Prompt Senate ratification of START II will, in turn, enable us to complete the work we began with START I. Its elimination of ICBMs with multiple independently targeted re-entry vehicles will further enhance stability and lower the chances of a massive nuclear conflict. At the same time, it will enable us to retain a strong and independent deterrent.

North Korea is also central to our non-proliferation objectives. We are working hard to implement the Agreed Framework that we concluded with North Korea last fall. Two weeks ago, representatives of Japan, the Republic of Korea, and the United States met in New York to establish KEDO—the Korean Peninsula Energy Development Organization. Representatives from 20 other nations also attended. Several countries, including Australia, Canada, and New Zealand, have made financial contributions to support KEDO's projects and have asked to join the organization.

As you know, the Administration is seeking to reprogram some funds from this year's budget to support KEDO's work, and we have requested \$22 million for fiscal year 1996. These expenditures are a prudent investment in support of vital regional security and non-proliferation goals. Without these funds, KEDO might not be able to operate or carry out its objectives, which would damage the credibility of U.S. leadership, jeopardize implementation of the Agreed Framework, and contribute to rising security tensions on the Korean Peninsula. As Secretary Perry testified before the Senate Foreign Relations Committee in January, the costs of implementing the Agreed Framework pale in comparison to those associated with sanctions and a military buildup.

We are holding talks with North Korea to ensure implementation of the Framework. We have made clear to the D.P.R.K. that South Korean light-water reactors are the only financially viable option if the light-water reactor project is to proceed. We also have made clear to the North Koreans our concerns about disposition of the heavy fuel oil deliveries specified under the Framework and have insisted that they address these concerns before any additional oil is delivered.

Throughout this process, we have continued to consult often and in depth with our allies, especially the South Koreans. Since I last met with you in January, Deputy Secretary Talbott met with President Kim in Seoul, I met with the R.O.K. Foreign Minister in early February, and Assistant Secretary Lord has met with counterparts both here and in Seoul in recent weeks to coordinate our approach. We all agree that we must remain vigilant to ensure that North Korea is living up to its obligations. We also agree that the careful, step-by-step implementation of the Agreed Framework is far preferable to the costly and dangerous alternatives.

FIGHTING TERRORISM, CRIME, AND DRUGS

We also have made important progress in our fifth area of opportunity: fighting terrorism, crime, and drugs. From the President's executive order freezing the assets of certain terrorist groups to the spectacular arrest of Ramzi Yousef, the alleged mastermind of the World Trade Center bombing, we are matching our words with deeds. Our budget requests more than \$240 million to sustain these critical efforts. We have made substantial progress with our colleagues at Justice and Treasury in developing a global strategy against international narcotics trafficking and crime. We will be consulting with you shortly to discuss many of our specific proposals.

Recent terrorist outrages—from the ambush of American foreign service personnel in Karachi to the horrifying gas attack in Tokyo—illustrate the importance of our efforts. Favorable and timely congressional action on the President's Omnibus Counterterrorism Act of 1995, transmitted in February, would give the executive branch important new tools to improve prevention, investigation, and prosecution of terrorism.

Earlier this week, the Administration announced a renewed effort to work with other members of the UN Security Council to toughen the sanctions regime on Libya. The Clinton Administration is committed to exploring every possible avenue to obtain Libyan compliance with the Security Council resolutions concerning the downing of Pan Am 103 and UTA 772. Our position has not changed: Libya must release for trial in the United States or the United Kingdom the two Libyans who have been indicted in U.S. and British courts.

Thus far, the Libyans have refused to comply. That is why we are going to press the case vigorously for a total embargo on petroleum products from Libya. We are under no illusion that this will be an easy effort. But by making the case, we will serve notice that we will not relent until the suspects have been turned over as required by the United Nations.

As I emphasized in January, beyond these five areas, we are addressing many other issues important to our nation's interests—among them, defending democracy and human rights around the world. Our budget requests \$1.3 billion for the United States Information Agency—an agency that plays a unique role in strengthening pluralism; supporting the free exchange of news and ideas; and broadening the dialogue between Americans, their institutions, and their counterparts abroad.

USIA has been at the forefront of the streamlining efforts initiated by the National Performance Review. Its consolidation of all U.S. Government non-military overseas broadcasting will generate savings of \$400 million by 1997. Indeed, our FY 1996 request represents a reduction of \$123 million from 1995 levels.

As part of our USIA budget, we are seeking \$26 million for Radio and TV Marti to continue providing the Cuban people uncensored news and commentary. The fundamental aim of our Cuba policy is a peaceful transition to democracy, respect for the human rights of the Cuban people, and an open economy with opportunity for all. We believe the best means of achieving our goal is to continue the economic embargo, which maintains pressure on the

Government of Cuba, while reaching out to the Cuban people through humanitarian donations and enhanced communications as authorized by the Cuban Democracy Act.

The Administration is currently reviewing carefully provisions of the proposed legislation sponsored by Senator Helms, Representative Burton, and others. Although we have reservations about some aspects of these bills, we are committed to working closely with Congress on advancing our mutual interest in a peaceful transition to democracy in Cuba.

American engagement in the world also is reflected in our willingness to take on newer, global challenges that call for international partnership but require leadership that only the United States can provide. We can no longer escape the consequences of environmental degradation, unsustainable population growth, and destabilizing poverty beyond our borders.

That is why the Clinton Administration is dedicated to putting our efforts to promote sustainable development into the mainstream of American diplomacy. The President's FY 1996 budget requests \$5.2 billion for promoting sustainable development. That includes funding for the multilateral development banks, the International Monetary Fund, the Peace Corps, and our bilateral and multilateral assistance programs. I believe strongly that every dollar of this money will yield lasting dividends for the American people.

Mr. Chairman, for 50 years the United States has drawn strength and resolve from the remarkable bipartisan consensus on the importance of continued American engagement. Of course, there is room to differ on specific issues—on the best ways to make peace-keeping more effective, for example, or the best possible targeting of our assistance. But shortchanging the resources of the 150 Account would be tantamount to undermining America's capacity to lead. We know that we must lead, but we can lead only if others are willing to join us—and our friends will do so only if we stand by our commitments.

Mr. Chairman, this is not about ideology or partisan politics. It is about safeguarding the vital interests of our nation. It is about keeping our word in the international community. I am committed to working closely with this committee and this Congress. The security and prosperity of each and every American depend upon our working together in a bipartisan effort.