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## FY 1997 International Affairs Budget

By

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[The following is a reprint of a statement by Secretary Christopher before the Subcommittee on Foreign Operations of the House Committee on Appropriations, in Washington D.C., on March 27, 1996.]

Mr. Chairman and members of the Subcommittee: I am glad to appear again before the House Foreign Operations Subcommittee. I look forward to consulting with you as the new budget cycle begins.

The budget that we consider today is about much more than dollars and cents. It poses a fundamental choice to this Congress: will we advance the interests of the American people and maintain American leadership in the world? Or will we undermine the progress we have made and miss the opportunities before us?

Will we continue to work for peace and security in regions of vital importance, or will we ignore threats until they reach our shores? Will we sustain the alliances and institutions we created after the Second World War, or will we walk away from our commitments and leave ourselves no option but to face future crises alone? Will we confront new threats that respect no borders, or will we leave our children a world beset by nuclear proliferation, terrorism and environmental crisis?

President Clinton has made his choice. He has understood the central lesson of this century: that America must lead. That is also the lesson of the last three years. Think of what our leadership has accomplished:

We ended the deadly war in Bosnia and eliminated the threat it posed to security and stability in the heart of Europe. We stopped the flight of Haitian refugees to our shores and gave that nation a chance to build democracy and prosperity. We achieved the indefinite and unconditional extension of the Nuclear Non-Proliferation Treaty and committed over 100 countries never to build nuclear weapons. Nuclear missiles in the former Soviet Union no longer target American cities. The North Korean nuclear program is on its way to the scrap heap. And our economic diplomacy has fueled an export boom and created more than a million high-paying American jobs.

America has stood with those who take bold risks for peace. We have helped Israel and its Arab neighbors make historic strides toward a comprehensive peace. We have helped the people of Northern Ireland move toward a just and lasting settlement. And in the wake of cowardly terrorist attacks in recent weeks, President Clinton has stood by the peacemakers.

The foreign policy achievements of this Administration have been possible because we have not hesitated to lead. Our investments are paying off for the American people. Our nation is safer. Our economy is stronger. And our values are ascendant.

Mr. Chairman, the kind of leadership that produced these achievements cannot be sustained on the cheap, unless we want to shortchange the American people. Nor can we rely

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on military strength alone to project our leadership, unless we want to use our military all the time. That would be costly in dollars and lives that we cannot afford to waste.

Yet the total International Affairs budget has fallen by 51 percent in real terms since 1984. Our \$19.2 billion request for 1997, including \$12.8 billion from this Subcommittee, is lower than last year's. It strikes the best possible balance between our two overarching objectives—pursuing our national interests and achieving a balanced budget within seven years. It is the bare minimum we need to conduct a foreign policy that protects the United States and maintains American leadership.

Let me address in detail how our budget will help us meet three sets of challenges for this year and beyond: pursuing peace and stability in regions of vital interest; confronting transnational security threats; and promoting open markets and prosperity.

### **PURSUING PEACE AND SECURITY IN REGIONS OF VITAL INTEREST**

First, Mr. Chairman, let me discuss key regions where we are pursuing peace. In each, our assistance not only builds security but also leverages support from our friends and allies for our common goals.

Two weeks ago, President Clinton reaffirmed America's leading role for peace in the Middle East in his visits to Egypt and Israel. The Summit of the Peacemakers in Sharm el-Sheikh brought together 29 world leaders. It demonstrated more dramatically than ever before that Israel now has partners in the region who stand with it against terrorism. And the President's visit to Israel demonstrated once again to its people that the United States is committed to giving them the moral and material support they need to achieve peace with security.

Now we must act together. Tomorrow and Friday, experts will meet in Washington to prepare recommendations, which they will present to Ministers, for implementing the Summit's decisions quickly and effectively.

We are determined to use every tool at our disposal to fight terror and defeat the enemies of peace. The Government of Israel worked with us to identify critical anti-terrorism needs totaling \$100 million. I urge you to act immediately on the President's request for an additional \$50 million this year, to be offset by inflation savings from the Department of Defense accounts. The funds will help meet Israel's urgent needs, including bomb-sniffing devices and x-ray equipment. We will also expand training and technical cooperation with Israel to combat terrorism.

With the same determination that we used to forge the widest consensus ever against terrorism at the recent Summit, we will continue to help the parties find a lasting and comprehensive peace. Our new budget allocates \$5.25 billion to sustain our efforts at this crucial moment for the peace process. It includes our continued investment in the security and economic development of Israel and Egypt, the anchors of peace and stability in the region. Our assistance to Jordan will help address its key security and economic needs as it takes risks for peace. The \$75 million we request for the West Bank and Gaza will assist the Palestinian authorities in managing areas under their control, demonstrate the concrete benefits of peace to the Palestinian people, ease the poverty that breeds terrorism, and help mobilize additional support from the international community.

Mr. Chairman, last week we marked the 90th day of the NATO mission in Bosnia. Our troops have met their first critical challenge—overseeing the withdrawal of the warring parties

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from the lines over which they fought and died for four years. Every American can be proud of the role our armed forces and our diplomats played in making this success possible. Those of you who have visited Bosnia know what a superb job our people are doing in very difficult circumstances.

We have now entered a new and delicate phase of the operation. The killing has ended in Bosnia, but peace in the fullest sense of the word has not yet arrived. Our challenge today is to help the people of Bosnia begin the process of reconstruction. It is to fully deploy the civilian police force. It is to give life to the political institutions the Dayton agreement created. It is to seek justice for the atrocities that were committed.

We made progress on all these issues last week in Geneva and Moscow. The parties agreed to cooperate with IFOR to deal with threats and violence in areas being transferred under the agreement. Serbia and Croatia agreed to turn over three indicted war crimes suspects to the War Crimes Tribunal. The parties in Bosnia agreed to release the remaining prisoners of war and to accept ground rules making it possible to hold free and fair elections later this year, the next critical milestone on the road to peace. The fundamental responsibility for these tasks lies with the parties. But without international assistance, civilian efforts cannot succeed and peace will not endure.

The assistance we announced last December has already helped Bosnians rebuild their homes, provided fuel and clothing for the winter, and created short-term employment. The non-military assistance we are requesting for this year and for 1997 will train new and reliable police officers, de-mine Bosnia's roads and fields, and use small business loans to help demobilized soldiers make the transition to peace. Our request will also help establish a permanent election commission to ensure free elections after IFOR's departure.

Let me be clear: this is work that the United States cannot, should not, and will not do alone. Our request for a \$200 million supplemental this year will leverage many times that amount from Europe, the Middle East, and Asia, as well as from the World Bank and IMF. But if our supplemental request for this year is not approved by April 12, our partners may not do their share and the peace process will be put in jeopardy. Therefore, it is imperative that Congress act on this request before the spring recess.

Mr. Chairman, this assistance is a small investment to prevent a return of war to Bosnia. Having come this far and invested so much, we must not endanger our gains by failing to provide these funds.

The participation in IFOR of so many Central and Eastern European countries is proving the value of the Partnership for Peace, through which they trained and planned with NATO forces for two years. Without their involvement and the logistical support that countries like Hungary have provided U.S. troops, the international coalition to restore peace to Bosnia could not exist. Cooperation in IFOR and through the Partnership is also preparing the way for interested nations to join NATO. The \$60 million we are requesting from this subcommittee for the Partnership for Peace is crucial to sustain this successful new element of European security.

Our work for peace in Bosnia and the Middle East has also been advanced by our cooperation with Russia. We are continuing our cooperation in other areas critical to our security as well. We have already achieved massive reductions in nuclear arsenals and made nuclear materials more secure. Last week in Moscow, we made important progress on our common efforts to achieve a Comprehensive Test Ban Treaty this year. We also prepared the

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agenda for the President's April trip to Moscow to attend the P-8 nuclear summit and meet with President Yeltsin.

Of course, we continue to have important differences such as the war in Chechnya, NATO enlargement, and Russia's nuclear cooperation with Iran. The challenge we face is cooperating where our interests coincide and managing our differences candidly and constructively.

While multi-party elections and free-market principles are increasingly facts of life in Russia, reform is under strain. The people of Russia face an important choice in the June presidential election—a contest in which the United States is and should be neutral. Our responsibility is to support the process of free and fair elections, and continued political and economic reform. The bottom line is clear: our assistance is helping to strengthen Russia's democratic institutions and the underpinnings of a market economy—in which three-quarters of Russian enterprises are now in some form of private ownership. Most of our assistance now goes to private organizations and local governments and focuses on concrete objectives such as reactor safety, development of a clear tax code, and support for free media.

In light of the progress made so far, new reform efforts in the other New Independent States and our budget realities, U.S. assistance to Russia has declined sharply since 1994. Russia will receive only \$173 million out of the \$640 million we have requested for the NIS. Where we see opportunities to lock in important progress, funding has risen. International Affairs funding for Ukraine exceeds funding for Russia this year. Ukraine is now our fourth-largest recipient of assistance, reflecting that country's progress on economic and political reform and our commitment to its security and prosperity.

Our SEED request also sounds a note of optimism for the region—the Czech Republic, Estonia, and Latvia have “graduated” from their programs. With the Czech Republic now in the OECD and others to follow soon, this assistance has achieved its goals and is no longer needed.

In Haiti, President Clinton's policy of firm, patient engagement allowed American troops to come in peace and leave on time. The last American troops will depart April 15, and Canada has agreed to lead a UN follow-up operation. Over the last 18 months, security and human rights conditions have improved dramatically. President Preval's inauguration last month was Haiti's first-ever peaceful transfer of power from one elected government to another.

During his visit last week, we discussed the formidable challenges poverty, violence and under-development still pose to the Haitian people, and the need for Haiti to keep basic economic reforms and privatization on course. The costs of helping the Haitian people institute judicial reform, train police, and improve health care and education are modest compared with the costs of dealing with the consequences of dictatorship and disintegration in Haiti. Our assistance will help consolidate recent progress and make sure that we realize our goal of a stable Haiti that can give its citizens decent lives at home.

In Northern Ireland, the people have made their choice—as President Clinton has said, “for dialogue over division, and for hope over fear.” The United States must continue to stand with them. President Clinton's personal leadership and the bipartisan support of this Congress have helped bring all-party talks within reach and encouraged private-sector investment to bring jobs and hope to the people of Northern Ireland. Our diplomacy and economic support are more crucial than ever to point the way forward toward a just and lasting settlement.

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East Asia, of course, is another region in which we have a vital interest in maintaining peace and stability. Through our military and diplomatic presence, we made it clear to Beijing that grave consequences would flow from the use of force to resolve the Taiwan issue. We acted to reduce the risk of miscalculation and to make clear our abiding interest in the peaceful resolution of issues between the PRC and Taiwan—a key underpinning of our long-standing one-China policy. We congratulate the people of Taiwan on their historic democratic transformation. We welcome the public statements this week by both Beijing and Taipei emphasizing their willingness to address their differences peacefully and directly through the resumption of their dialogue.

Mr. Chairman, we have other serious differences with China and are firmly pressing American interests in non-proliferation, trade, and human rights. Because we have seen a lack of progress on human rights, for example, we are working with the European Union on this issue at the UN Human Rights Commission.

We also have a number of issues where it is essential that we work with China. Indeed, we have successfully cooperated with China in banning ballistic missile exports, stopping the North Korean nuclear program, building peace in Cambodia, repatriating illegal aliens, and combating drug trafficking. The best way for us to pursue our interests is through a consistent policy of long-term engagement. In that spirit, I will meet with Vice Premier and Foreign Minister Qian Qichen on April 19 in the Netherlands both to address our concerns and to move our cooperation forward.

## CONFRONTING TRANSNATIONAL SECURITY THREATS

As I said earlier, we also face the challenge of defending Americans from transnational security threats. President Clinton's United Nations speech last October emphasized that proliferation, terrorism, international crime, drugs, and environmental damage threaten all nations in this interdependent world.

We must continue working to stop the spread of weapons of mass destruction, the gravest potential threat to the United States and our allies. President Clinton will push hard at next month's Moscow nuclear summit for additional steps to stem proliferation, increase nuclear safety, and halt environmental damage.

Building on our success in gaining the indefinite and unconditional extension of the Non-Proliferation Treaty last year, another landmark is within reach: a Comprehensive Test Ban Treaty. Last week I met with the key negotiators in Geneva, and I am glad to report that real progress is being made toward completing a treaty that President Kennedy first endorsed 35 years ago. Our objective is to complete a Comprehensive Test Ban in time to sign it this year.

One of the major achievements of this Administration has been the freezing of North Korea's nuclear program in its tracks. Since the U.S.-DPRK Framework was signed in October 1994, North Korea's nuclear facilities have been frozen under effective monitoring by the International Atomic Energy Agency. The Korean Peninsula Energy Development Organization (KEDO) that we helped establish to implement the Framework has made significant progress. Last December, KEDO and the DPRK signed a far-reaching agreement to provide the DPRK with proliferation-resistant light-water reactors and enable the IAEA to resume inspections of nuclear facilities not subject to the freeze. This budget requests funding for KEDO—a necessary investment to secure these gains as well as the contributions of South Korea and Japan, which dwarf our own.

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Pariah states like Iraq, Iran, and Libya must also be stopped in their efforts to acquire weapons of mass destruction. The information that UN inspectors have uncovered on Iraq's biological program is chilling. It is now clear that Saddam Hussein possessed biological weapons and was on the verge of using them against civilians in the Gulf War. Last week, the UN's chief Iraq weapons inspector voiced concern that even five years after its defeat in the Gulf War, Iraq may still be hiding more than a dozen missiles with biological warheads. This is yet another reminder that Saddam has not disavowed his pursuit of weapons of terror and that sanctions must be maintained—and that we must maintain our support for the IAEA's important work in Iraq and around the world. And it is also a reminder of why we must ratify the Chemical Weapons Convention this year.

We have also put new emphasis on the fight against international criminals, terrorists, and drug traffickers. The President's appointment of General Barry McCaffrey to spearhead our counter-narcotics campaign will intensify our efforts at home and abroad—including interdiction. My trip to Latin America and the Caribbean last month marked significant development in our anti-narcotics cooperation with Caribbean nations. In Trinidad, we signed the first of a series of agreements providing for broader cooperation with American anti-narcotics operations. We are absolutely determined to stop the flow of drugs at the source, in transit, and on entry to the United States.

This year we are requesting a substantial increase over last year's appropriation for law enforcement training programs in Latin America, Central Europe, and the NIS, and a modest increase in our global anti-terrorism assistance programs. We will step up our crop substitution programs and our aerial support in the Andes. And we will enhance our anti-heroin efforts in South and Southeast Asia.

This Administration is putting a new focus on the international dimensions of protecting our environment this year. We have increased environmental cooperation with our global partners and encouraged them to take more steps to preserve resources. Our common agendas with Japan, Brazil, and India are good examples of how we use our diplomacy to advance a range of our interests as basic as the health of our citizens and as complex as the survival of whole ecosystems. Last month, I visited a research institute run jointly by the Smithsonian Institution and the Brazilian Government on the Amazon River, where research is aimed at protecting biodiversity and discovering products of great commercial value.

In 1996, the State Department is fully integrating environmental goals into our daily diplomacy for the first time. We are making greater use of environmental initiatives to promote our larger strategic and economic goals. For example, we are encouraging joint water projects in the Middle East and helping our environmental industries capture a larger share of a \$400 billion global market. And through our \$100 million contribution to the Global Environment Facility, we support efforts to protect the ozone layer, shield Americans from skin cancer, and preserve endangered species.

Our population and sustainable development programs can make a decisive difference in easing threats to our prosperity and global stability. Our request for \$3.8 billion includes USAID programs and voluntary contributions to international organizations that promote economic growth.

Where these important issues are concerned, polls suggest that many Americans see their country as a generous donor, as generous as we were in the days of the Marshall Plan when as much as 16 percent of our budget was spent on foreign aid. But the United States now ranks last among the industrialized countries, with one-tenth of one percent of our Gross Domestic Product devoted to foreign assistance. This should hardly be a source of pride at a time when

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## **A Global Fight Against Narcotics, Terrorism, Illegal Immigration, and Crime—at Bargain Prices.**

Ninety percent of the illegal drugs used in this country come from overseas. Our international affairs budget funds our efforts to stop that drug trafficking at its sources. Illegal drugs cost the American economy \$76 billion per year. Domestically, we spend \$12 billion a year to fight them. We are spending less than 2 percent of this to fight this problem internationally. Getting our Latin American partners to seize one ton of cocaine costs a fraction of what it costs for U.S. law enforcement agencies to do the same job.

This budget also funds our overseas counter-terrorism efforts, at a cost to each American of less than ten cents a year. Compare this to the hundreds of millions of dollars that the World Trade Center bombing cost our country. We also take the lead in funding an international aviation security program that protects Americans from death and injury and promotes the security of U.S. air carriers. When you travel abroad, you want to get there safely. Americans now make up 40 percent of all international air travelers. Finally, the international affairs budget finances U.S. border security efforts abroad—from visa screening to the fight against alien smuggling.

## **National Security—International Defense Burden-Sharing.**

The international affairs budget underpins our effort to achieve peace in the Middle East. Everything we spend there, however, is a bargain compared to the cost of a generalized conflict, or to the loss of Middle East oil reserves. The oil crisis of 1973 alone cost the U.S. economy uncounted billions of dollars.

This budget also funds our non-proliferation efforts. Your life is safer today because of our nuclear non-proliferation and safety assistance programs. After four decades of the Cold War, for the first time no nuclear weapons are pointed at you. We are actively working to prevent future Chernobyls and to put an end to North Korea's nuclear program.

*Q. If most UN peacekeeping efforts are failures, why are we contributing so much money to the United Nations?*

A. When our vital interests are at stake, we must be prepared to defend them alone. But sometimes, by leveraging our power and resources and by leading through alliances and institutions such as the UN, we can advance our interests in global stability without asking our soldiers to take all the risks or American taxpayers to foot all the bills.

International peacekeeping helps us maintain global leadership, prevent wars or keep them contained, minimize the involvement of U.S. troops, and get the rest of the world to pay three-quarters of the bills. Multilateral peacekeeping costs us just over \$1 billion a year—about a penny a day for the average taxpayer—compared to the entire \$265 billion defense budget. Americans make up only 4 percent of UN forces, almost entirely as observers and border monitors.

Since the end of the Cold War, the UN has helped to resolve successfully conflicts in places like Cambodia, El Salvador, and Nicaragua. Everyone acknowledges that some UN missions have failed, but no one would deny that many missions have succeeded, even under the most difficult circumstances.

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The UN is about far more than peacekeeping. It provides a mechanism for enforcing international sanctions and isolating rogue states. Its many programs and agencies care for refugees, inoculate children, fight epidemics, and promote nuclear safety. The UN does a lot with its resources, and our share is small. American families pay an average of \$4 per family annually for our share of the cost of the entire UN system—from blue helmets for peacekeeping to polio vaccines for babies. That is a sound bargain for things the American people support.

### **Pay Now or Pay Later: Crisis Prevention Is Cost-Effective.**

*Q. After spending so much to contain the Soviet Union, our arch adversary during the Cold War, why are we now giving Russia and the other New Independent States so much assistance?*

A. Our assistance to Russia and other New Independent States increases our security and expands our prosperity. It advances our strategic interest in dismantling nuclear weapons, especially those that were targeted on American cities. It bolsters the vital elements of democratic reform. It supports privatization—which, so far, has put more than half of Russia's economy in private hands—and opens new opportunities for U.S. companies.

*Q. Why do we give so much development assistance to foreign countries when we can better use the money for our own needs?*

A. Our international development programs are designed to prevent or counter international disorder, the current strategic threat. They are as much about serving America's interests as they are about helping others.

Foreign assistance is a hand up, not a hand out. By helping others, we help ourselves. U.S. security and prosperity depend a great deal on political stability and economic progress in the developing world. Foreign assistance helps prevent the outbreak of conflicts that otherwise would call for costly international intervention. It promotes export opportunities for American companies, both large and small. It lays the groundwork for sustainable development and accountable government. It helps other nations deal with environmental degradation and health issues that have a global reach and a significant impact on our national well-being.

We spend billions on the environment to reduce greenhouse emissions here in the U.S. However, greenhouse gasses have the same effect on the American atmosphere and climate no matter where they are emitted—whether in Brazil or Ohio. Each dollar in international environmental assistance will eliminate four times more gasses in the American atmosphere than each dollar spent domestically.

*Q. Has our foreign assistance made any real difference in developing countries? What would happen if we just stopped giving it?*

A. Yes. Over the past three decades, American foreign assistance has played a major role in raising the standard of living in developing countries. For example, child mortality has been reduced by one-third. Smallpox has been eliminated. The majority of children in developing countries now enter primary school. There also is widespread American support for the \$1.7 billion we spend annually helping refugees and victims of famine and other disasters. Every \$25 million in our food assistance budget feeds half a million people for a year.

If we stopped providing assistance to our friends and allies, both we and they would suffer. Our foreign assistance programs are intended to promote the kind of economic growth and

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political stability that are critical to U.S. national security and economic well-being. Failing to provide aid to developing countries would therefore jeopardize our national security. It also would have a detrimental effect on developing nations' growth rates. That would lead to the loss of potential export markets and would cost many Americans their jobs.

It costs a hundred times as much to deal with humanitarian crises as it does to prevent them. It cost us more than \$2 billion, for example, to deal with Somalia, and is costing us \$1 billion to address the problems in Rwanda.

*Q. How does our support for the World Bank help America?*

A. The World Bank and other multilateral development banks (MDBs) are a first-rate investment for America. They play a vital role in supporting growth-oriented free market economic reform in developing countries, bolstering their capacities to—among other things—import from the United States. From a budgetary perspective, the MDBs are a bargain. Annually, the U.S. contributes, on the average, less than \$2 to every \$7 contributed by other countries. Last year, our capital leveraged more than \$40 billion in lending. Put another way, for every dollar we contributed to the MDBs last year, the banks were able to provide \$20 in assistance. There is no way we can duplicate that kind of impact on our own.