

---

# The Foreign Operations Budget Request for FY 1998

By

**Madeline K. Albright**  
**Secretary of State**

[The following is a reprint of a prepared statement that Secretary Albright presented before the Subcommittee on Foreign Operations of the House Appropriations Committee, in Washington, D.C., on February 12, 1997.]

*"The purpose of American foreign policy is to protect and promote American interests."*

Good morning. I am glad to have this opportunity to address you so soon after my confirmation. Together, we have an important job to do.

Last week in his State of the Union address, the President challenged us all to "do what it takes to remain the indispensable nation, to keep America strong, secure, and prosperous." That requires maintaining American leadership abroad to promote our interests at home. President Clinton's foreign affairs budget request for FY 1998 sets out our strategy for leadership and asks your help in providing the tools we need to sustain it. There could scarcely be a better time than now to begin to revive what has historically been, and I hope will be, a strong sense of bipartisanship in foreign policy.

American power and prestige derive primarily from three sources—the strength of our economy, the might of our military, and the vigor of our diplomacy.

Each played a role in our birth as an independent nation, from the day Ben Franklin was sent abroad to report on our military victories to France, our first ally and trading partner. Each was essential after World War II, when our economic and diplomatic power helped rebuild Europe while our military kept us secure. Each was essential to win the Cold War, as we confronted Communism with the determination of a free and prosperous people. Each reflects the genius and patriotism of our citizenry. And each is essential today, as we prepare to meet the challenges of a new century.

That is why President Clinton has placed the highest priority on a sound and growing economy; that is why he is committed to keeping our armed forces modern, mobile, and strong; and it is why he has requested the funds we need to maintain our world-class diplomacy.

Through our diplomacy, we promote America's interests and ideals. Our strength abroad has helped us prosper, kept us safe, and made us an inspiration to those around the world who cherish freedom. Global leadership is ours to take into the next century, and build an even better world for our citizens—or it is ours to squander by turning inward and away from the responsibilities that leadership entails.

Let me be clear at the outset. *The purpose of American foreign policy is to protect and promote American interests* [emphasis added]. These interests are not abstract, but real. I said last month at my confirmation hearing that the one percent of our budget that we invest in foreign affairs may well determine fifty percent of the history of our era. Today I would add that this one percent of the budget affects one hundred percent of the American people.

# Report Documentation Page

Form Approved  
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE <b>1997</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-1997 to 00-00-1997</b>	
4. TITLE AND SUBTITLE <b>The Foreign Operations Budget Request for FY 1998</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Defense Institute of Security Assistance Management (DISAM),DISAM/DR,2475 K Street,Wright-Patterson AFB,OH,45433-7641</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES <b>The DISAM Journal, Spring 1997, Volume 19, Number 3, p.53-63</b>					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT	b. ABSTRACT	c. THIS PAGE			
<b>unclassified</b>	<b>unclassified</b>	<b>unclassified</b>	<b>Same as Report (SAR)</b>	<b>11</b>	

---

All of us who believe in America's global leadership, in both parties and on both ends of the Mall, must do more to show the American people how our engagement overseas works for them—and, in many cases, how it brings dividends directly to them.

For example, when we help to fund the UN Special Commission, we do more than ensure that Saddam Hussein's efforts to obstruct, evade and deceive international inspectors will fail; we make it less likely that soldiers from Fort Polk and fliers from Maxwell Air Force Base will again be sent into harm's way in response to Iraqi aggression.

When we support educational and cultural exchange programs, we give students from northern Virginia and teachers from southern California their first glimpse of the wider world in which they will compete after graduation.

When we help other nations to grow, we expand the system of market democracies in which our own nation has the largest stake. We also create opportunities for universities and businesses here at home. For example, close to 80 percent of USAID contracts and grants go directly to American firms, like the \$20 million of fertilizer and agricultural training supplied by one Alabama contractor in FY 1995—and that was less than a fifth of USAID's grants and contracts in Alabama during that year alone. Those contracts create markets—and contacts that will be useful long after aid programs have ended.

President Clinton has put forward a foreign affairs budget which proposes a modest increase over last year's appropriation, thereby giving us the tools we need for leadership. By approving our request for foreign operations, this subcommittee can help promote peace and keep America strong and secure. You can provide resources to build our prosperity at home by opening new markets and creating new jobs. You can support programs for sustainable development, to help other countries grow wisely without harming the global environment we all share. You can support those around the world, from students to senators, who share our democratic ideals. And you can help to care for those around the world who are in desperate need of humanitarian aid. Finally, you can build our diplomatic readiness, making sure that our diplomats are well-equipped and well-trained for their work. Let me address in more detail how the funds this sub-committee appropriates help us to meet each of these objectives.

## PROMOTING PEACE

Mr. Chairman, nothing we do is more important than promoting peace and security. We begin by working to ensure that Americans are safe, at home and abroad, from terrorism, crime, and the threat posed by weapons of mass destruction. We work for peace in regions of vital interest. And we maintain strong relationships with our key allies and partners to build support for our efforts to combat transnational threats that no country could defeat alone.

Although the Cold War has ended, the threat posed to Americans by weapons of mass destruction has not. Arms control and non-proliferation efforts remain a key part of our strategy to keep Americans safe.

The great arms control achievements of recent years—the removal of nuclear weapons from Belarus, Kazakstan and Ukraine; the negotiation of a Comprehensive Test Ban Treaty and a Chemical Weapons Convention; the indefinite extension of the Nuclear Non-Proliferation Treaty—have all enjoyed bipartisan support.

With your support for this budget—in particular for the work of the International Atomic Energy Agency (IAEA) we can continue our efforts to improve the security and prevent the diversion of fissile materials.

---

Our \$36 million voluntary contribution to the IAEA helps that agency to verify compliance with the Nuclear Non-Proliferation Treaty in more than 820 locations in 61 countries. The IAEA supports our efforts in the most problematic countries, such as Iraq and North Korea, and achieves broader coverage than we ever could achieve if we tried to go it alone.

We have a major national interest in preventing states such as Iran from obtaining weapons of mass destruction. We will continue to oppose strongly the sale or transfer of arms and arms-related technologies to all such states. And we will maintain tough UN sanctions against Iraq unless and until it complies with the relevant Security Council resolutions. The Subcommittee's decision to fully fund our contribution to the UN Special Commission (UNSCOM) would ensure that Saddam Hussein's efforts to obstruct, evade and deceive UN inspectors continue to fail.

The 1994 Agreed Framework between the United States and North Korea froze that country's dangerous nuclear weapons program; its full implementation would completely dismantle that program. With our partners, we created the Korean Peninsula Energy Development Organization (KEDO) to implement key aspects of the agreement. Our earlier commitment helped jump-start KEDO and generated contributions from Japan and South Korea that will ultimately dwarf our own. KEDO now has 10 members—and we will bring in at least three more this year to share the burden. But we must keep our commitment—\$30 million for 1998—to make sure others keep theirs.

International narcotics trafficking and organized crime also endanger Americans at home and our interests abroad. The President, and law enforcement agencies and educators at all levels are committed to doing the job here. But we cannot hope to safeguard our citizens unless we fight these menaces overseas, where illicit goods are produced and ill-gotten gains are hidden away. President Clinton has directed us to work aggressively against growers and dealers of narcotics, and to put a stop to the accompanying money laundering, financial and other criminal operations.

A consensus is building that corruption and crime are global security threats, and that decent people from around the world must close ranks, share information, and take cooperative action.

This past year, our support for cocaine eradication and interdiction helped knock coca production in Peru to its lowest level in 10 years. Drug kingpins from Latin America to Europe to Nigeria to Burma are feeling pressure. We have requested a modest \$17 million increase above the FY 1997 level for anti-narcotics programs to maintain our momentum, primarily through training and increased support for aerial programs.

We are also requesting \$19 million to fund the State Department's anti-terrorism programs, most of which will be used to train foreign law enforcement officials, so that they can be more effective partners.

When we support arms control and anti-crime efforts in other countries and regions, we advance the long-term interests and the safety of Americans. The same is true when we help end conflicts and reduce tensions in strategic regions such as South Asia, Nagorno-Karabakh, and Northern Ireland.

Neither our resources nor our responsibilities are unlimited. We must be careful in our commitments and selective in our actions. But we do have an interest in defusing situations which might endanger American security or which, if left unattended, might require the deployment of American troops. We have an interest in avoiding power vacuums that create

---

targets of opportunity for criminals and terrorists. We have an interest in helping young market democracies survive the threat of conflict to become stable partners. And we share an interest, with all civilized people, in preventing and ending genocide and dire humanitarian emergencies.

Today, let me cite three examples of situations in which our interests are engaged and our participation required, either to resolve conflicts or prevent them. First, the Middle East.

Just last month, our skilled diplomacy was essential in producing an agreement on Israeli redeployment in Hebron. The intensive negotiations, including direct talks between Prime Minister Netanyahu and Chairman Arafat, helped to create new confidence and trust between the sides, restored momentum to the process, and provided a road map for the future.

To maintain this momentum, we have a three-part agenda. First, continuing to support the progress of the Israelis and Palestinians. Second, to make progress toward a comprehensive peace for the region, we will look for ways to energize the Israel-Syria and Israel-Lebanon negotiations. And third, we will continue to encourage other Arab states to broaden the peace process by expanding ties with Israel. To that end, we have requested \$12 million to fund Arab-Israeli technical cooperation and the five working groups on regional issues.

Any attempt to create a stable peace must also aim at fostering economic growth. We must try to ensure that the peace process changes the quality of people's lives and broadens their economic horizons. Last fall's Cairo Economic Conference was a great success in promoting private-sector engagement in the region. It featured the largest private-sector delegations—and the largest contingent of U.S. business representatives—ever to attend such a conference. Clearly, the private sector believes that investment in the region is worth pursuing, and that the conditions for it are ripening.

To make sure this progress continues, the United States needs to remain involved. That means making good on our commitments to assist Israel, Egypt, Jordan and others when they take risks for peace—as they have continued to do in this very challenging time. We have also requested \$75 million in Economic Support Funds (ESF) for the Palestinian Authority, to promote economic development and democratic institutions.

As you know, Prime Minister Netanyahu and Chairman Arafat will visit Washington this month, and President Mubarak and King Hussein will meet with President Clinton in March. As Secretary of State I will assure them, as I assure you, that America will continue to stand with the peacemakers and against the bombthrowers in this strategic region. That is in America's interests; it is consistent with the commitments we have made; it reflects the kind of people we are; and it is right.

Under the President's leadership, we will continue to press forward toward a comprehensive peace. Our approach will continue to be guided by our firm commitment to those who genuinely seek peace and our equally-strong opposition to those who would disrupt this process through terrorism and violence.

In southeastern Europe, we face rising tensions with the potential to harm Europe's stability. Disputes between our NATO allies Turkey and Greece in the Aegean and over Cyprus may have consequences far beyond the region, affecting NATO and the European Union and our vital interest in a peaceful Europe.

Last year, disturbing outbreaks of violence marred relations between the two communities on Cyprus. The economic and social consequences of that island's division are weighing heavily on its inhabitants. This year, the United States will seek to play a heightened role in

---

promoting negotiations and a settlement in Cyprus. However, for any initiative to bear fruit, the parties themselves must agree on concrete steps to reduce tensions and move toward direct negotiations. We have again requested Economic Support Funds in Turkey and Cyprus, and Foreign Military Financing for both Turkey and Greece, to help keep the region—and the military balance—stable and closely tied to NATO and other European institutions.

Of the many conflicts and disputes around the world, the interrelated conflicts in Central Africa have been the most deadly over the last year.

In Rwanda, most refugees have returned. But there is a great deal still to do in re-integrating them into society—and re-building the institutions destroyed or discredited during the fighting. In Burundi, the task is to spur meaningful political negotiations that will open the door to reconciliation and to needed international assistance.

In Zaire, the problems are even more daunting—to encourage a halt to factional violence, ensure respect for human rights, and create stability based on democratic principles throughout the country. The stakes are high. Zaire is a country of 41 million people that borders nine states. We have seen already that violence in the Great Lakes region spreads with alarming ease—and grave consequences. Unless tensions ease, we face the risk of years of violence, a massive outflow of refugees, and emergency humanitarian costs in the billions of dollars. Accordingly, we are working closely with regional leaders and our allies in support of a solution based on full respect for Zaire's sovereignty and protection for human rights.

We have recently committed an additional \$153 million to deal with the emergency situation throughout the region. And we are placing a priority on our efforts to increase the peacekeeping capacities of African nations through an African Crisis Response Force (ACRF).

The voluntary peacekeeping account, for which we are seeking \$90 million in FY 1998, enables us to provide modest support to projects such as the ACRF that strengthen states' ability to deter or respond to conflicts in their own backyards. This account is also used to fund operations where our interest is so direct we choose to act with a coalition or a regional organization, as in the Sinai, the OSCE missions in the former Soviet Union, support for democratic elections in Bosnia, and the Israel-Lebanon Monitoring Group.

As we work with others to resolve problems such as civil conflict and proliferation, we need strong partnerships with other leading nations. These are the bonds that hold together not only our foreign policy, but the entire international system.

By acting together, we are able to elevate standards of international behavior, spur economic and social progress, and strengthen the rule of law. We also leverage resources far beyond our own.

Next week, I will visit key capitals in Europe and Asia to build on the relationships I inherited from my predecessor, and he from his. I will explore the prospects for deeper cooperation on many of the critical issues of our day—and many of the initiatives for which we request that you fund our part.

In Europe, for example, the seven years since the fall of the Berlin Wall have shown how much we can accomplish if we stand together with our European partners.

With U.S. leadership and European unity, American fliers, Russian paratroopers, German doctors, and Hungarian mechanics have helped the people of Bosnia begin to build the basis for a lasting peace. Today, American soldiers and their counterparts from NATO and 17 non-NATO states are cooperating in SFOR [the NATO-led Stabilization Force], giving Bosnia the

---

breathing space it needs for economic reconstruction and political healing. As we help the Bosnian people establish a stable military balance and better judicial and legal institutions, the need for an international military presence will diminish.

I hope that this subcommittee will back our SFOR forces by supporting the President's supplemental request for Bosnia, and that you will—on a related matter—also endorse our request for continued financial support for the International War Crimes Tribunal, to which we are the largest contributor.

The same countries that are working to implement peace in Bosnia are also striving to build lasting stability through NATO's Partnership for Peace. This year we have requested \$70 million in military assistance for Partner countries. This is an increase of \$10 million over last year and will help all Partners to participate more fully in NATO activities and train for joint action with the Alliance. It will also help some Partners to prepare for NATO membership. In addition, we are requesting \$20 million for Central European Defense Loans (CEDL), to help those countries build defensive, civilian-controlled militaries, and stronger ties with the United States.

We are working to transform NATO, so that it can play its part in building a fully united and stable Europe. Our European partners are taking on a more responsible role in ensuring our common security. NATO is preparing to invite several Central European states to begin negotiations to join the Alliance. And NATO is working to create a robust partnership with Russia and an enhanced relationship with Ukraine.

Mr. Chairman, this century has shown that the United States must remain a European power. We have an equally vital interest in remaining a Pacific power as well.

Today, we are working with allies and friends to build an Asia-Pacific community based on shared interests and a common commitment to peace.

Over the last few years, we have reinvigorated our Asian alliances while maintaining our forward deployment of 100,000 American troops in the Western Pacific. We are encouraging new efforts to build security and resolve disputes peacefully through bodies such as the ASEAN Regional Forum.

Our core alliances in Asia are as strong, and our cooperation as broad, as they have ever been. Our relationship with our closest Asian ally, Japan, is underpinned by our shared commitment to open and democratic societies. We consult regularly on issues from peace in Asia to development in Africa. We appreciate Japan's generous financial support for the Middle East peace process, and for our Common Agenda of environmental initiatives around the world.

With another key Asian ally, the Republic of Korea, we are working closely to deal with the challenge posed by North Korea—and to respond in a humane way to the North's critical shortage of food. Our cooperation is growing in numerous areas as Seoul, anchor of the world's 11th-largest economy, takes on a larger regional and global role.

We must also manage our complex relationship with China, as it emerges as a key Asian and global power.

U.S. policy toward China has long been controversial in Congress and among the American people. There are healthy disagreements about balancing various elements of that policy. But there should be no doubt about the importance of this relationship, and the need to integrate, not isolate, the world's most populous nation and our fourth largest trading partner.

---

The United States and China do have important differences, especially on trade, arms transfers, and human rights, including Tibet. I will not hesitate to speak out about them. We will continue to voice strong concern about the need for China to meet its commitments to maintain democratic practices in Hong Kong. And, while we will adhere to our "one China" policy, we will also maintain robust unofficial ties with Taiwan.

But it is essential that we continue our work with China on issues including the Korean Peninsula, crime, nuclear testing, and the environment. The best way for the United States to pursue the interests we share with China, and those where our views diverge, is through a consistent policy of engagement. In order to advance these and other interests, from non-proliferation to human rights, the United States needs a strong foreign policy with a full tool box. Your vote on this budget will help decide whether or not we have it.

## PROMOTING ECONOMIC PROSPERITY

The Clinton Administration has had extraordinary success in helping the economy grow at home by opening markets abroad. Our exports have grown by 34% since 1993, generating 1.6 million new jobs. We have laid the groundwork for free and open trade in our hemisphere by 2005 and in the Asia-Pacific region by 2020. And we have put our full weight behind better enforcement of intellectual property standards, and fuller consideration of core labor rights, at the World Trade Organization.

But we cannot rest on our past accomplishments. Our future growth in an ever-more competitive global marketplace depends upon strong export promotion efforts and a vigorous State Department presence around the world. I am committed to helping American business and labor compete and win in a global market that is open and fair.

And our diplomats are doing their job. One of the pleasures of my own job is hearing about compliments from American corporations like this one. After winning a \$5.8 million contract to supply weather radar to the government of India, corporate officials wrote of our team in New Delhi: "Their interest in our cause was genuine and with no red tape and no 'yeah, buts.'"

But our diplomats need your commitment as well, and your support for our requests for the Export-Import Bank and the Trade and Development Agency. As Secretary of State, I want to stress that these programs not only serve to build American exports and jobs—they are a fundamental tool of our foreign policy.

The Overseas Private Investment Corporation, I am pleased to say, is now self-sustaining. Its commitments have grown by a factor of five over the last five years, and it has shown profits repeatedly, reaching \$209 million last year.

Programs like these help make the United States an even more vital hub of the global economy and create more opportunities for our citizens. But as any entrepreneur knows, support from Washington is not enough—we must be active on the ground.

This year the President will seek fast-track authority for trade negotiations that open more markets to our goods and services. We must move forward in this area, not only to expand our exports but to avoid being left behind as emerging economic powers forge trade ties with other nations.

In the Asia-Pacific region, we must ensure full implementation of the many agreements we have already negotiated with Japan and others; pursue improved access to key sectors in

---

China; and encourage U.S. trade and investment with India as it continues to carry out path-breaking economic reforms.

In Europe, the New Transatlantic Agenda that we and our EU partners signed in 1995 provides a blueprint for making transatlantic trade even freer and easier. We will also intensify our cooperation with the OECD to combat the corrupt business practices that cheat American companies and workers—and corrode the rule of law around the world.

## PROMOTING SUSTAINABLE DEVELOPMENT

Mr. Chairman, many of America's fastest-growing markets are developing, where the transition to an open economic system is underway, but incomplete. Many of these countries are held back by high rates of population growth, lack of access to health care and education, a scarcity of natural resources or conflict.

When democratic institutions in a developing country are weak, unstable or absent, that country will be less likely to grow peacefully, less inclined to confront international terrorists and criminals, and less able to do its part to protect the environment.

That is why our sustainable development programs are a sound investment in American security and well-being. The funds allocated to State and USAID by this subcommittee are helping us to encourage democratic and economic development in Africa, where more than three dozen countries have now at least begun democratic reforms—and where U.S. trade rose by 23 percent in 1995 alone. I know that Brian Atwood [Administrator, U.S. Agency for International Development] will testify before you later this spring, so let me say just a few words about our priorities here.

This year, we have given our sustainable development programs a new focus on one of the most basic problems that stifles development and sparks conflict—food security. Programs to improve the dependability of crops and distribution of food in Africa can help make sure hunger is no longer a constant threat to the lives of people and the stability of societies.

Our financial support and pressure for reform has helped the United Nations Development Program become the central coordinating and funding mechanism for UN development assistance. Every dollar we contribute leverages \$8-10 from other nations in support of Bosnian reconstruction, Rwandan judicial reform, and Cambodian demining—to name just a few projects.

We have increased our request for funding for UNICEF to \$100 million for FY 1998. Like UNDP, UNICEF plays an important role in countries suffering from, or recovering from, the devastation caused by civil or international conflict. UNICEF helps protect children—a society's most vulnerable members and its hope for the future—from the Balkans to Liberia.

The \$780 million we have requested for population and health programs works to provide better health and family planning information and services to millions worldwide. By stabilizing population growth rates, developing nations can devote more of their scarce resources to meet the basic needs of their citizens. Moreover, our voluntary family planning programs serve our broader interests by elevating the status of women, reducing the flow of refugees, protecting the environment, and promoting economic growth. That is why I urge Congress to adopt a joint resolution to release immediately USAID's FY 1997 population funds. As the President has determined, a further delay will cause a tragic rise in unintended pregnancies, abortions, and maternal and child deaths.

---

We are developing forward-looking programs to protect the global environment and promote sound management of natural resources with our request of \$290 million. AID programs are helping to reclaim land for agriculture in Mali, cut greenhouse gas emissions in the Philippines, and fund acquisition of American "green technology" in Nepal. America's cutting-edge environmental technology is an important tool in this process, and we aim to give its makers a boost in global markets as well.

Our \$100 million request for the Global Environment Fund (GEF) provides loans for developing country projects to preserve biodiversity, address ozone depletion, protect oceans, and prevent the release of gas inhibited in global warming. GEF projects can have important benefits for recipients and Americans alike: a 1996 project to introduce more efficient lighting in two Mexican cities, for example, induced a 40 percent rate of change and a boom in orders for U.S. lighting technology and training.

We have also requested an increase to restore full funding and begin to pay our debts to the multilateral development banks and the IDA. Over the past few years, our pressure for reform has had dramatic effects. The World Bank has increased accountability and transparency while cutting its administrative budget by 10 percent in two years, steps all the MDBs are now moving to emulate. The most far-reaching success story is the turnaround of the African Development Bank, which has tightened its lending rules, cut staff by 20 percent, and appointed external auditors.

Now is the time for us to meet our own obligations, so that the Banks can provide loans which further our goals—and which result in more contracts with American firms than those of any other nation.

## PROMOTING DEMOCRACY

Mr. Chairman, America's global leadership is not possible unless we are true to American ideals. And we cannot do that unless we do what we can to promote democratic institutions and values around the world. That is in our interest. And it is right.

When we work to strengthen democracy, we are strengthening the only sound base from which to fight transnational threats; improving the chances that countries will live in peace with their neighbors; and empowering citizens to stand up for their own rights and look after their environment.

As you know, the main programs through which we support democracy are the FREEDOM Support Act for the former Soviet Union, the SEED programs for the states of Central and Eastern Europe, as well as Economic Support and other programs around the world. Since I have already discussed our integrated programs for sustainable, democratic development, let me focus here on our programs in Europe.

If Europe itself is to be strong and at peace, we must not let a new line emerge where the wave of democratic change falters. Making sure that the new Europe is a continent of stable democracies is critical to achieving the vision of European security I discussed earlier. Our support will be crucial, both for those countries making the difficult transition to NATO membership and for those not in the first group to join.

The SEED programs administered by the State Department and USAID focus on economic restructuring, democratic institution building and developing strong civil societies. It includes a special focus on reconstruction and reform in Bosnia. Our contribution is critical to generating the bulk of assistance to Bosnia which our European partners provide.

---

Let me also mention that the SEED program, which was intended to be finite, has had another round of successes—this budget request foresees phasing out assistance to the Czech Republic and Slovenia during FY 1997.

A democratic Russia is an essential partner in our efforts to build a secure Europe. Russia's transition has been arduous and uncertain. More difficult times lie ahead. But open markets and democratic institutions have taken hold. If Russia is to become a full and productive partner in a Europe at peace, that progress must continue. And we must help.

The United States has a profound interest in encouraging Russia to accelerate its democratic and economic reforms, to respect fully the sovereignty of its neighbors, and to join us in addressing critical regional and global issues.

Our aid to Russia helps us achieve all those ends. This year, we have revamped our assistance to Russia and the other New Independent States. Out of the \$900 million we have requested, \$535 million will fund a new Partnership for Freedom. This reflects an evolution in our approach to the region. For years, we have been providing technical advice on how to achieve political and economic reform. Our focus will now be on cementing the irreversible nature of those reforms.

The initiative will concentrate on activities to promote business, trade, and investment, and those that would strengthen democracy and more fully establish the rule of law. Our efforts here are a priority because the democratic transformation of this region is of vital and historic importance to us; and because the ultimate victory of freedom in this part of the world is not yet assured.

Ukraine is again this year our fourth-largest recipient of foreign assistance, reflecting our belief that investment in a stable, democratic Ukraine is an investment in the linchpin of stability in Central Europe.

## **PROVIDING HUMANITARIAN ASSISTANCE**

Of course, no one can predict and prevent every natural disaster, famine, or conflict. The United States should be prepared to respond when we can in such terrible circumstances. This budget allows us to provide humanitarian assistance that can make a critical difference in ending or alleviating human suffering—a basic interest of any civilized people.

Never forget, though, that even the most charitable aid is in our national interest. As long as we are dependent on the rule of law to promote our trade, protect our security, and preserve our ideals, we cannot look indifferently at failed states and massive upheavals. Equally, we should not stand by when war, famine, or disease threaten to spill over and menace our friends and allies.

This year, we have made a modest reduction in our request for Migration and Refugee Assistance, because large numbers of Rwandan refugees returned home last year—and because we expect to complete our repatriation programs with Laos and Vietnam.

We have also requested that our international disaster assistance and Office of Transition Initiatives programs be funded at the same levels as last year. We believe that those levels will be sufficient to provide for contingencies and continue efforts like our justice program in Rwanda.

---

## PROMOTING DIPLOMATIC READINESS

Mr. Chairman, it has often been said that our diplomats are our first line of defense. It is they, after all, who administer our aid programs, negotiate arms control agreements, and assist American business. We ask a great deal of them—including, occasionally, risking their lives in places like Bosnia and Iraq.

What is more, every American has the right to expect that our response to any emergency will be strong and sure-footed. To make sure that is the case, we must maintain our diplomatic readiness—well-trained staff, dependable communications, and posts open everywhere necessary.

Without that global presence, our programs will not succeed. We cannot lead. And our leadership, after all, is what has built our strength in this century and laid the groundwork for the next.

Our security depends on our efforts to prevent the spread of weapons of mass destruction and to defeat the forces of international terror.

Our prosperity depends on the existence of an expanding global economy fueled by free and fair rules of trade, in which American products are welcome and American workers are rewarded. We will keep making those efforts, whether pursuing violations of labor standards in South Asia or opening new trade opportunities in South America.

Our future in a world of friendly states depends on our efforts to promote the democratic principles by which we live and others are inspired, from Burma to Belgrade.

And, as President Clinton said last week at the National Prayer Breakfast, “We can be a model for the rest of the world, but we also know we have to model the behavior we advocate which is to give a helping hand when we can.”

Our budget request is an investment in a strong foreign policy—one that keeps American diplomacy flexible in responding to crises, firm in pursuing our strategic priorities, and vigilant in protecting our security. Surely that is a bipartisan vision of how best to further our role in the world. I believe it is one that this Committee, Congress, and the American people can share—and I hope you will do so by supporting the President’s request.

Nothing matters more to our future than whether America continues to lead, and America cannot lead in the international arena without the resources necessary to maintain our influence and the tools required to get the job done.