LEGISLATION AND POLICY

Funding U.S. Foreign Operations

By

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Secretary of State

[The following is a reprint of testimony on U.S. foreign assistance for FY 1998 presented by Secretary Albright before the Subcommittee on Foreign Operations of the Senate Appropriations Committee, in Washington, D.C., on 22 May 1997.]

Mr. Chairman and Members of the Subcommittee, I am pleased to have the opportunity to testify this morning, for the first time in my new capacity. I hope very much that we will be able to continue the frank relationship we enjoyed while I served as our Permanent Representative to the United Nations. Together, we have an important job to do, and I look forward to working with you not only this year but in the future.

I want to acknowledge at the outset that this Subcommittee and members on it have been leaders in supporting an active and engaged U.S. foreign policy. We have not always agreed on all subjects, but the disagreements have almost always been on tactics not on goals. We all agree that the United States is, and should remain, vigilant in protecting its interests, careful and reliable in its commitments, and a forceful advocate for freedom, human rights, open markets and the rule of law.

I am heartened that the agreement on the Budget Resolution worked out by the Administration and Congressional leaders treats international affairs as the priority it is. I know that Senator Lautenberg and others on this Subcommittee were important actors in this process and I want to thank you for your support.

Now, the action moves to appropriations. Consistent with the Budget Resolution, I hope that this Subcommittee and the Subcommittee on Commerce, Justice and State Appropriations will receive allocations sufficient to fund both our regular international programs and to pay our arrearages to the United Nations and the multilateral development banks.

I hope that my testimony this morning will help persuade any who may doubt that such an allocation would serve our nation and our people well.

Mr. Chairman, I am here today to ask your support and that of the Subcommittee for the President's request for funds for the foreign operations programs of the United States. Put simply, the goal of those programs is to protect the interests of our citizens in an age when national borders are porous, markets are global, and many of the threats to our safety and security cannot be dealt with by any one nation acting alone.

The President's request seeks to ensure that we will have the foreign policy tools we need to sustain principled and purposeful American leadership. It includes funds for programs that will help us to promote peace and maintain our security; to safeguard our people from the

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continuing threat posed by weapons of mass destruction; to build prosperity for Americans at home by opening new markets overseas; to promote democratic values and strengthen democratic institutions; to respond to the global threats of international terrorism, crime, drugs and pollution; and to care for those who are in desperate need of humanitarian aid.

Let me begin my discussion . . . with our programs for maintaining the security and safety of our people.

MAINTAINING SECURITY

The Cold War may be over, but the threat posed by nuclear and other weapons of mass destruction has only been reduced, not ended. Our efforts to reduce the number and stop the spread of weapons of mass destruction contribute to what former Defense Secretary Perry called "preventive defense." We pursue these initiatives not as favors to others, but because they are a national security bargain for the American people.

With strong U.S. leadership, and bipartisan support from the Congress, much has been accomplished. Achievements range from the removal of nuclear weapons from Belarus, Kazakstan, and Ukraine, to recent approval by the Senate—with the help of many members of this Subcommittee—of our participation in the Chemical Weapons Convention.

But arms control and nonproliferation are works in progress, and we will need your help and that of the Congress, as a whole, to continue that progress.

The 1994 Agreed Framework between the United States and North Korea froze and established a roadmap for dismantling that country's dangerous nuclear weapons 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.[1] I appreciate the support this Subcommittee has shown in the past for our participation in KEDO, and ask your support for our proposed $30 million contribution in fiscal year 1998. Those funds will leverage the support of others, while contributing directly to the safety and security of the American people.

I also ask your support for our proposed $36 million voluntary contribution to the International Atomic Energy Agency (IAEA). These funds will help that agency to verify compliance with the Nuclear Non-Proliferation Treaty in more than 820 locations in 61 countries.

We are also continuing efforts to fulfill the President's call for negotiations leading to a worldwide ban on the use, stockpiling, production, and transfer of anti-personnel landmines. Just last week, ACDA Director John Holum was in Geneva to urge the Conference on Disarmament to begin that negotiation in earnest. He also voiced U.S. support for the complementary process now underway in Ottawa. As Director Holum made clear, we don't underestimate the challenges at the Conference on Disarmament. However, that venue does provide the best opportunity to negotiate an APL ban that is truly comprehensive and effective. This issue remains a high foreign policy priority for the United States, and I will continue to consult closely with Senator Leahy—who has been an inspiring and determined leader on this issue—and other Members of Congress concerning it.

[1] The ten current members of KEDO include Argentina, Australia, Canada, Chile, Finland, Indonesia, Japan, New Zealand, the Republic of Korea, and the United States.

Finally, I join President Clinton in his call last Friday for early Senate approval of the pending protocol on landmines. By strengthening the restrictions on landmine use, this protocol will help prevent many casualties and is, in the President's words "an essential step toward a total ban."

Mr. Chairman, international narcotics trafficking also endangers Americans. The President, and law enforcement agencies and educators at all levels are committed to doing the job at home. But we cannot hope to safeguard our citizens unless we also fight this menace abroad, where illicit drugs are produced and ill-gotten gains are hidden away.

Under the President's leadership, we have moved aggressively and with results. This past year, our support for eradication and interdiction helped knock coca production in Peru to its lowest level in a decade. Cooperation with Paraguay has improved. New law enforcement cooperation agreements with Argentina, Brazil and Bolivia have been signed. And by economically targeting individuals and front companies, we have done much to disrupt the business and decrease the profits of the notorious Cali cartel.

In Mexico, drug seizures and arrests are up. New laws have been enacted to fight money-laundering. Mexico has set a precedent by extraditing its own nationals to the United States to be prosecuted for drug-related crimes. And amidst all the publicity and real problems related to corruption, it is worth remembering that 200 Mexican law enforcement personnel were killed last year in the battle against drug trafficking.

During the meeting of the U.S.-Mexico Binational Commission earlier this month, Presidents Zedillo and Clinton reaffirmed the commitment of our two nations to work together as allies to reduce demand, intercept shipments, arrest traffickers, confiscate profits and professionalize every aspect of law enforcement response. We will be working hard, in close cooperation with representatives from the White House and other agencies, to translate this commitment into further progress in the war against drugs.

We are asking this Subcommittee to support our efforts in Latin America and around the world by approving our request for $230 million to combat international narcotics and crime. In addition to other anti-crime initiatives, these funds support our source country narcotics eradication and alternative development programs, provide material and logistical support for police and military in strategic areas, and finance our comprehensive heroin control strategy.

America is the world's leader in the fight against international terror, which continues to claim victims despite steady improvements in multinational law enforcement and information-sharing. We are persisting—and making some headway—in encouraging our allies to refrain from business as usual with Iran until that nation ends its support for terrorism. And we remain steadfast in our support for United Nations sanctions against Libya and Iraq.

To supplement our diplomatic initiatives, we have requested $19 million for our anti-terrorism programs. These funds will be used primarily to enhance the skills of police and security officials in selected countries so that they may be more effective partners in preventing and punishing terrorist acts.

PROMOTING PEACE

When we support arms control and anti-terrorism efforts in other countries and regions, we advance the long-term interests and safety of Americans. The same is true when we help end conflicts and reduce tensions in regions important to the interests of the United States.

Today, I will cite three cases involving past, present or potential conflicts where our budgetary resources are affected, our interests are engaged and our participation or leadership is required.

In the Middle East, we face an extremely difficult and complex situation in the Arab-Israeli peace process. Since 1993, the parties have made enormous gains in transforming the political landscape of their historically troubled region and laying the foundation for an enduring peace. In recent months, however, those gains have been threatened and the people of the region have once again become the victims of confrontation and acts of violence. The reason is that Arabs and Israelis alike are doubting their faith in the peace process and in one another.

We have, in the past, experienced setbacks to peace in the Middle East, but we have persevered. Despite present problems, we will continue to look for a way forward. That way begins with restoration of the confidence, trust and sense of shared interests upon which the peace process rests. All parties must recognize and fully accept that there is no room for terrorism or violence as a tool of negotiation. There can be no rationalizations or room for debate on that central point.

Looking ahead, Israelis must see that terror and threats of violence will not be used against them as a means of leveraging their position in negotiations. Palestinians must see that Israelis are not taking unilateral actions which foreclose options on issues that are reserved for permanent negotiations. And both must assume responsibility for reversing the deterioration in the negotiating environment. In that regard, we have encouraged friends of peace in the Arab world not to take actions which could make progress towards peace more difficult.

Arab-Israeli peace remains a high priority for the Administration and for the United States. We have an enormous stake in the future of the region, and we remain in almost continual contact with representatives of all sides. To support our diplomacy, we must maintain appropriate bilateral assistance to Israel, Jordan, and Egypt, while contributing to economic growth and the creation of democratic institutions within the Palestinian Authority.

It is also essential to American interests and to the future stability of Europe that we finish the job and fully implement the Dayton Agreement for peace in Bosnia. Fulfillment of these Accords would produce a stable, undivided Bosnia that would cease to be a source of instability in southern Europe. It would also make possible over time the full integration of the Balkans into European institutions; contribute to regional prosperity; bolster democracy; prevent the area from becoming a base for transnational crime; create a further bar to meddling by Iran: and create a precedent-setting model for resolving ethnic differences on the basis of justice and respect for human rights.

Since Dayton was signed, our initial security goals have been achieved and economic reconstruction has begun. Unfortunately, there remain important areas where progress has been slow due to the failure of the Bosnian leaders, especially in the Bosnian Serb entity, the Republika Srpska, to embrace political and social integration.

Today, and in days to come, we will be re-dedicating ourselves to the goal of full implementation of the Dayton Accords and to a single Bosnian state with two multi-ethnic entities. Next week, I will be visiting Sarajevo, Brcko, Banja Luka, and other locations in the region. I will also be making a more detailed statement in New York tonight regarding the Administration's policy towards Bosnia.

The heart of our message is that the international community, including both civilian and military components, must re-energize its commitment to implement Dayton. For example, while SFOR will remain principally focused on enforcing the military aspects of the Dayton

Agreement. it will build on its past accomplishments by actively supporting crucial civil implementation tasks. within its mandate and capabilities. These include helping to create a secure environment for managed refugee returns and the installation of elected officials in targeted areas, and specific economic reconstruction projects which could include inter-entity telecommunications and restoring civil aviation.

Full implementation must be our goal in all sectors, and the parties cannot pick and choose those elements they prefer at the expense of others. If they are not complying on key implementation tasks, it will not be business as usual for their politicians or their military leaders. For example, if the parties do not comply with their arms control obligations, SFOR has the option to restrict military movements and training.

On the civilian side, as well. we will move ahead with fresh energy to help those in Bosnia striving to build a true national community. For example, our Open Cities Support Project provides assistance to communities, and only to communities, that have demonstrated a willingness to allow persons from ethnic minorities to return safely to their homes. To date, we have identified four municipalities in different parts of Bosnia to participate at a cost of $3.6 million. We have an additional $5 million available to help repair buildings, provide agricultural support and business credit, and to train workers in eligible communities.

One city where it is especially critical that residents work for unity and peace is Brcko. Because of its strategic location and the terrible ethnic cleansing that occurred there, a peaceful, multi-ethnic Brcko would be a powerful symbol to the rest of Bosnia. Our goal in Brcko, as in Bosnia more generally, is to reconnect what has been disconnected. to restore the flow of transportation, communication, commerce, and social interaction among the various ethnic communities.

There are those who resist this process; and there are many in Bosnia and elsewhere who are skeptical that it will succeed. These are the same people who said that the war could not be ended: that Dayton could not be negotiated; and that the United States and Europe. including Russia, could never come together on behalf of a Balkans peace. The Administration does not underestimate the obstacles. but neither do we underestimate the stakes. We are determined to press ahead with our partners both in and outside Bosnia to support the work of the International War Crimes Tribunal in every way we can, and to help create institutions that improve security. permit more displaced persons and refugees to return home. enhance civil liberties. and allow the institutions of a unitary, multi-ethnic, and democratic state to take root. In this effort, we pledge regular consultations with this Subcommittee and with others in Congress. and seek your support.

Mr. Chairman. of the many outbreaks of violence around the world in recent years. the interrelated conflicts in Central Africa have been the most deadly. Today, in the Democratic Republic of Congo, formerly Zaire, our goal is to encourage a peaceful and stable transition to a new era based on democratic representation and popular responsibility. We note that the victorious Alliance leader. Laurent Kabila, has said he intends to form an interim government that includes representatives from various components of Congolese society. We welcome that intention and have expressed our willingness to work with others to provide appropriate help to a transitional government that demonstrates a commitment to broad-based political participation, democratic practices. and human rights.

We have made it clear that what we would like to see is a transitional government that. in addition to being broadly representative, is also transparent in its activities, so that the Congolese people know that the days of secret looting and secret terror will not return. We also want to see a government that respects the rights of its people. assures due process to those charged with crimes, and cooperates fully with the international community in caring for refugees and

investigating reports of atrocities. Finally, we will look to the new authorities to adopt democratic practices and build democratic institutions, to work actively to prevent Congo's fragmentation, and to foster stable and peaceful relations with its neighbors.

The Congo is a nation rich in both human and natural resources. In the weeks ahead, we will work with officials in that country and elsewhere to improve prospects for a democratic, prosperous and peaceful future. We will also consult closely with the Congress concerning the evolution of our policy.

The United States supports international peacekeeping activities that serve our interests through payment of our assessments to United Nations peacekeeping operations, and through our voluntary peacekeeping account, for which we are seeking $90 million in FY 1998. Operations expected to be funded by this account include, among others, peacekeeping and observer activities in the Great Lakes region of Africa, the Multinational Force and Observers in the Sinai, the Israel-Lebanon Monitoring Group, and peacekeeping and preventive diplomacy missions of the OSCE.

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. Today, for example, many of 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. We are also requesting $20 million for Central European Defense Loans (CEDL), to help recipient countries build defensively-oriented, civilian-controlled militaries with strong ties to the United States.

While preserving NATO's traditional purposes and strengths, we are also adapting it to meet new missions and take in new members. At the July summit in Madrid, NATO will invite a number of Central European states to begin negotiations to join the alliance. As President Clinton has repeatedly made clear, this is part of a larger strategy, developed with our allies, to build a future for Europe in which every democracy is our partner and every partner is a builder of peace. Also contributing to this goal is the historic "founding act" between NATO and Russia that was reached last week, and that establishes the basis for long term cooperation on security matters. In addition, a new Euro-Atlantic Council will provide the framework for consultations involvingNATO and Europe's other democratic states.

In this context, Mr. Chairman, I might add that I appreciate the counsel I have received from members of the Senate's NATO Observer Group and from other Senators with an interest in the evolution of Europe's economic and security institutions. This is a process of enormous importance and can only benefit from vigorous and wide-ranging examination of the issues.

Meanwhile, the economic, political, and military evolution of nations in Asia will also have a profound effect on American security and foreign policy. 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.

We are working closely with the Republic of Korea, another key ally, to maintain stability on the Korean peninsula and to explore possibilities for permanent reconciliation. Our cooperation is growing in numerous other areas as well, as Seoul, anchor of the world's 11th-largest economy, takes on a larger regional and global role.

We are also deeply engaged in managing our complex relationship with China, as it emerges as a key Asian and global power. The evolution of our relations with China will depend primarily on how China defines its own national interests during the remainder of this century and into the next. Through our strategic dialogue, we are encouraging the Chinese to accept what we believe is true—that China will be able to find greater security, prosperity and well-being inside a rule-based international system than outside. Accordingly, the President has decided to renew China's most-favored-nation trading status, equivalent to normal trading relations, for the coming year.

Currently, China is constructively engaged with the international community in some areas: in some, it is not. We have been able to work together well with respect to the North Korea nuclear issue and banning nuclear tests. We have also made progress on a range of specific commercial concerns and laid the basis for cooperation on responding to global threats of terrorism, crime, drugs and pollution.

We do, however, still have important differences with China, especially on trade, arms-related transfers and human rights, including Tibet. We do not hesitate to raise these differences privately with China's leaders, or to express our beliefs publicly concerning the need for all countries to respect international standards. We will continue to voice strong concern about the need for China to meet its commitments concerning Hong Kong, a message that I will deliver, in person, at the time of the former colony's reversion to Chinese authority on July 1. And, while we will adhere to our "one China" policy, we will also maintain robust unofficial ties with Taiwan.

PROMOTING DEMOCRACY

Mr. Chairman, America's global leadership is derived not only from our economic and military power, but from the power of our ideals. And fundamental to American ideals is our commitment to democracy.

Today, in Burma, as the Chairman has often and eloquently reminded us, a legitimate democratic movement with demonstrated popular support has been brutally repressed. That movement has urged the international community to limit foreign investment. What is more, Burma's government protects and profits from the world's largest heroin trafficking enterprise.

Last month, in response to deepening repression in Burma, President Clinton decided to impose investment sanctions under a law approved last year by Congress. In combination with the earlier actions we and other nations have taken, together with shareholder and consumer pressure, we believe this step will deal a further blow to investor confidence in Burma. It has sent a message to the military regime that it will not attract the capital investment it needs unless it begins a genuine dialogue with its own people.

We also bolster democracy through our economic support and development assistance programs in selected countries around the world. For example, we are requesting $202 million in economic support funds for democratic development in countries such as Haiti, Angola,

Cambodia and for regional programs that promote respect for civil liberties and the rule of law.

We are also continuing major programs for strengthening democratic transitions in Central Europe through the Support for East Europe Democracy (SEED) program and in the New Independent States (NIS).

The transition from Communism to democracy is the product of Central European courage, energy and vision. But the United States may be proud of the role the SEED program continues to play in assisting the process of economic and political reform. What was once said about the Marshall Plan may fairly be said about this program. it has served as "the lubricant in an engine—not the fuel—allowing a machine to run that would otherwise buckle and bind." Through SEED, for which we are requesting $492 million this year, we have been able to serve as technical adviser on the ways and means of building democratic institutions and processes, developing financial sectors that attract investment, and coping with energy and environmental problems.

Clearly, progress has not been even either over time or among countries in the region. But the overall direction has been steady in the direction of less centralization, increased reliance on private enterprise, more civil liberties and greater development of the rule of law.

Central and Eastern Europe remain as important to American interests today as when the original SEED act was passed. The nations here are proving that democracy and economic prosperity can be built on the ruins of failed communist systems—a valuable example for countries further to the east. Central Europe is a growing market for U.S. goods and services, and a gateway to the vast potential markets in Russia and Ukraine. Finally, a peaceful, democratic Central Europe gives the U.S. and the Atlantic alliance greater assurance of security at a relatively low cost.

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

In Helsinki, Presidents Clinton and Yeltsin issued a joint statement outlining their commitment to stimulating growth and investment in Russia, advancing Russia's integration into international organizations, and citing President Yeltsin's plan to launch Russia on its next phase of reform. In recognition of the progress that has been made, and of the magnitude of our stake in the strengthening of market democracies in the region, we have this year revamped our assistance program to Russia and the other NIS. Of the $900 million we have requested, $528 million will fund a new Partnership for Freedom. This initiative will concentrate on activities to promote business, trade and investment and those that would more fully establish the rule of law. It will support opportunities for U.S. business and help support partnerships with private U.S. organizations. And it will increase professional and academic exchanges.

In the aftermath of the Soviet Union's disintegration, the NIS had to build their government institutions from the ground up. In most cases, media and basic market institutions, such as banks, capital markets, and regulatory institutions remain at early stages of development. In several countries, economic reform has advanced faster than democratic reform. We are concerned, for example, by the undermining of parliamentary independence in Belarus, by

continued repression in Turkmenistan, and by the disputed nature of elections held last fall in Armenia.

We are concerned, as well, that in some sectors of the NIS, weak institutions of government have led to a vacuum of effective authority that has opened the way to a rapid increase in criminal activity. This is hampering fledgling democratic institutions, creating social instability, and discouraging foreign investment. We have responded by substantially increasing the proportion of our assistance that is designed to strengthen law enforcement and judicial institutions and promote the rule of law. Since 1995, for example, we have provided law enforcement training to nearly 10,000 officials in Central Europe and the NIS. We have developed regional criminal justice training programs for more than 1,000 law enforcement officers and prosecutors at the International Law Enforcement Academy in Budapest. And we have greatly increased our formal cooperation with Central European and NIS governments through agreements that allow us to share information and coordinate investigatory, prosecutorial, and crime preventive activities.

Throughout this region and, indeed, the world, the United States represents the potential of democracy. Wherever we are visibly involved and engaged, we give hope to people who believe in freedom and who want democratic institutions to succeed. By building partnerships with other freedom-loving peoples, we sustain the growth of open markets and democracy that has enhanced our own security and prosperity, and which has been the signature element of our age. If, however, we were to abandon or walk away from our partners in these countries, we would heighten the possibility that their societies would retreat into repression or dissolve into the disorder within which terrorists and criminals thrive.

Certainly, assistance to the strategically-located and energy-rich democracies of Central Asia and the Caucasus is strongly in our national interest. The purpose of our aid is to help small businesses gain a greater foothold and to assist nascent democratic organizations, such as the independent media, public interest groups and educational institutions establish active, effective roles. In this connection, I note that the Administration continues strongly to oppose section 907 of the Freedom Support Act, which undermines U.S. influence and policy flexibility in the Caucasus region and Azerbaijan.

The Administration continues to support assistance for Ukraine as part of our long term strategic partnership with that country. Last week's first full meeting of the U.S.-Ukraine Binational Commission underscored the value we place on a stable, democratic Ukraine that is working cooperatively with us on a range of issues. During those meetings, we were able to express our support for the process of economic and political reform, while also expressing concern about the problem of corruption that has been chilling outside investment in Ukraine.

PROMOTING PROSPERITY

Mr. Chairman, peace and security are paramount goals of our international programs, but promoting economic prosperity is another top priority.

The Clinton Administration has had extraordinary success in helping our economy grow at home by opening markets abroad. Our exports have grown by 34 percent since 1993, generating 1.6 million new jobs. Since the North American Free Trade Agreement entered into force three years ago, U.S. exports to Mexico have risen by more than one-third and overall trade has more than doubled. 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.

Looking ahead, we all know that competition for the world's markets is fierce. Often, our firms go head-to-head with foreign competitors who receive active help from their own governments. Our goal is to see that American companies, workers and farmers have a level playing field on which to compete.

As long as I am Secretary of State, our diplomacy will strive for a global economic system that is increasingly open and fair. Our embassies will provide all appropriate help to American firms. Our negotiators will seek trade agreements that help create new American jobs. And I will personally make the point to other governments that if their countries want to sell in our backyard, they had better allow America to do business in theirs.

Fortunately, our diplomats are doing their jobs. One of the pleasures of my own job is hearing about compliments from American corporations like this one. After executing a contract to build a power generating plant in Yemen, officials from CAE Development of Lexington, Kentucky wrote that "Every Department of State employee contacted was top notch and eager to help . . . we could not have obtained this contract without their help."

But our diplomats and our business people need your commitment as well, and your support for our requests for the Export-Import Bank and the Trade and Development Agency.

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 repeatedly shown profits, reaching $209 million in 1996.

PROMOTING SUSTAINABLE DEVELOPMENT

Mr. Chairman, many of America's fastest-growing markets are in developing countries, where the transition to an open economic system is underway, but incomplete. Often, 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, 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. This year, we have given them 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 have helped the United Nations Development Program to 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 de-mining—to name just a few projects. I urge this Subcommittee to support the President's full request of $100 million for UNDP.

We have maintained our request for funding for UNICEF at $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.

We have requested $795 million for population and health programs. 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 advancing the status of women, reducing the flow of refugees, protecting the environment, and promoting economic growth.

We are developing forward-looking programs to protect the global environment and promote sound management of natural resources with our request of $341.5 million. Of this amount, AID programs totaling $290 million are used for projects such as helping to reclaim land for agriculture in Mali, cut greenhouse gas emissions in the Philippines, and acquire American "green technology" in Nepal.

Our $100 million request for the Global Environment Fund (GEF) provides loans for developing country projects to preserve biodiversity, inhibit global warming, protect oceans, and mitigate depletion of the ozone layer. A key U.S. priority in the GEF is to increase support for private sector efforts on behalf of sustainable development, including new tools such as project guarantees and equity investments in promising environmental technology firms.

As Treasury Secretary Rubin testified earlier this week, we have also requested an increase to restore full funding and begin to pay our debts to the multilateral development banks and the IDA, where our support for reform has achieved results. For example, the World Bank has increased accountability and transparency while cutting its administrative budget by 10 percent, and the African Development Bank has tightened lending rules, cut staff by 20 percent, and appointed external auditors.

The Budget Resolution provides you with the flexibility to respond favorably to our request, and we hope you will take advantage of the opportunity to maintain U.S. leadership in these institutions.

PROVIDING HUMANITARIAN ASSISTANCE

The President's request of $650 million for Migration and Refugee Assistance would enable the United States to continue contributing to the relief of those victimized by human or natural disaster. We have also requested that our international disaster assistance and Office of Transition Initiatives programs be funded at the same levels as last year.

CONCLUSION

Mr. Chairman, I know that supporting foreign assistance is not the easiest vote for a Member of Congress to make. Americans, all of us, are deeply concerned about problems here at home; about the budget, about the quality of our schools, about crime. No one understands better than the President that we cannot hope to lead abroad unless we are first strong at home. That is precisely why he has placed his primary emphasis on building a strong and growing domestic economy.

But the Administration also knows that neither our history, nor our character, nor our self-interest will allow us to withdraw from the center stage of global political and economic life. In today's world, domestic policy and foreign policy are no longer separable things. There is, after all, no more immediate or local an issue than whether our sons and daughters will someday be called upon to do battle in big wars because we failed to prevent or contain small ones.

There are few more significant economic issues than whether we will find ourselves forced into a new arms race because of setbacks in the former Soviet Union or because nuclear weapons have fallen into the wrong hands.

There are few goals more important to our workers than opening new markets for American goods overseas.

There are few matters more urgent for our communities than reducing the flow of drugs across our borders.

And there are few questions more vital for our children than whether we will bequeath to them a world that is relatively stable and respectful of the law, or one that is brutal, anarchic or violent.

A half century ago, a great American generation, led by President Truman, and supported by Members of Congress from both parties, rose above the weariness of war's aftermath, and the temptation of isolation, to secure the future. Working with our allies, they made the investments, and built the institutions, that would keep the peace, defend freedom, and create economic progress through five decades.

Members of the Subcommittee, it is up to us in our time to do what they did in their time. To support an active role for America on the world stage. To protect American interests. To keep American commitments. And to help where we can those from around the world who share our values.

In that effort, I pledge my own best efforts as Secretary of State. And I earnestly solicit your support.