

**FOREIGN OPERATIONS, EXPORT
FINANCING, AND RELATED
PROGRAMS APPROPRIATIONS
FOR 1997. HEARINGS**

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Foreign operations, export financing, and related programs appropriations for 1997. Hearings
by Various

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FOR 1997

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS

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**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS FOR 1997**

WEDNESDAY, MARCH 27, 1996.

SECRETARY OF STATE

WITNESS

HON. WARREN CHRISTOPHER, SECRETARY OF STATE, DEPARTMENT OF STATE

CHAIRMAN'S OPENING STATEMENT

Mr. CALLAHAN. Mr. Secretary, welcome. It's always nice to have you visit us and nice to see the good work that you're doing in most of the parts of the world.

Secretary CHRISTOPHER. Thank you, Mr. Chairman.

Mr. CALLAHAN. I'm especially pleased that you could be here to open the subcommittee's 1997 budget hearings. You know that I personally hold you in high esteem for the approach that you take to your job, and I'm sure that the other members of the subcommittee share in that.

I especially appreciate, Mr. Secretary, your efforts to keep me informed in advance of a commitment that the President and you are making to foreign leaders. I especially appreciated your call from Jerusalem when you informed me in advance, of the President's commitment to Israel on the terrorism monies. I might suggest to you, as I have in the past, Mr. Secretary—that you once again suggest to the President that I wish he'd be a little bit more cautious in these toasts he makes as he goes around the world; \$100 million is a lot of money. I would suggest that you tell the President that I would be willing to personally buy and to have personally autographed some of the books on Forrest Gump that were written by one of my constituents in Mobile, and that we would be glad to furnish his administration with all the copies they need. And I would suggest the President start giving out gifts such as Forrest Gump rather than these \$100 million he commits because they give me heartburn. Every time the President goes on a trip now, I sit in front of my television and C-Span and wonder how much this is going to cost our committee. We've discussed this with you and others in the past.

Your 1997 budget request of \$12.8 billion from this subcommittee is not as large, frankly, as I had expected. It appears to reflect a more realistic estimate of what we in Congress can afford for these programs. We don't have a budget resolution, as you are aware, for

Fiscal Year 1997, so, we don't know yet what the subcommittee's allocation from the full committee will be. But, I think it is safe to say that this subcommittee will be able to mark up a 1997 bill that is closer to the President's request than was the case last year.

What is more striking this year is the disproportionate amount of our bill that will go to a very small part of the world, the Middle East and the neighboring eastern Mediterranean region. By my staff's calculation, the President's new budget allocates \$5.345 billion; for the Middle East. Depending on the outcome of the pending supplemental request for Jordan and Israel, that number could climb by another \$120 million. That's close to 50 percent of this subcommittee's expected allocation. It's more than 50 percent of the total foreign aid in our bill once the appropriation for OPIC and Ex-Im Bank, which in my opinion is not foreign aid, are deducted from the allocation.

The taxpayers of the United States have already provided \$85.5 billion in support of the 1978 Camp David agreements. We have now complied with three successive emergency requests totalling \$444 million for Jordan, in support of its involvement in the peace agreement with Israel. We've provided at least \$200 million in support of the Palestinian authority in support of its peace agreement with Israel. And I know that you're negotiating with Syria, and I certainly hope that you're successful in seeing that Syria joins in the peace initiative of the Middle East, but, once again, I want to forewarn you that any monetary commitment to Syria is going to be very seriously scrutinized by me as well as some of the other members of this committee.

You're also requesting another \$52.5 million for a new Middle East development bank. You and I have discussed this in the past, and I want to let you know, that in these times of budget realities, it's not the time to be seriously committing \$50 million for any development anywhere in the world. Let me reiterate our concern for the Middle East peace and the security of Israel, but isn't it time to recognize that a cap has to be put on aid to this region? Discretionary appropriations are going down, not up, and will go down faster if we cannot slow down the growth of entitlements.

With both the President and the Congress pledged to work towards a balanced budget by the year 2002, if we don't cap and re-allocate our assistance to the Middle East, there will soon be nothing left for the rest of the world. Think of all the children not helped; some of the diseases not fought, and export markets not taken advantage of because Congress and the Executive branch just can't say no to any request from the Middle East. And I'd welcome your response to that during your statement.

Mr. Secretary, the conference on the omnibus appropriations bill and the supplemental will be meeting as soon as this hearing ends. Our conference will have to resolve still another Middle East issue, and that's the \$50 million Israeli anti-terrorism supplemental—the first half of the \$100 million that you requested on the telephone.

Your request to use DOD funds to pay for additional foreign aid for counterterrorism is just not going to happen, if I have anything to do with it, in part, because of the Senate firewalls for defense. This is a foreign assistance program, and other foreign aid programs will probably have to be rescinded to pay for it unless we

take it out of the FMF, which we might possibly do. And I think this is the fiscally-responsible approach we should take.

As you know, the subcommittee has continued to operate in a bipartisan manner during the 104th Congress. That was true of the regular bill and it is the case of these supplemental bills that you have brought to us recently. Whenever I read comments from senior administration officials—certainly not from you, but from senior officials under your jurisdiction—that are critical of the House majority's handling of international matters, I wonder why you never bring this subcommittee's record of cooperation to the attention of the media.

We look forward, today, to your testimony. And we'll end this hearing no later than 3:25 p.m. Members are invited to submit questions for the record if time does not permit them to be asked today.

Mr. Secretary, I want to tell you that I'm growing increasingly concerned about some of the indications about some of the enterprise funds and the wasted money that we're reading newspaper accounts on. I think sometime during the next six or seven weeks, you and I are going to have to very seriously discuss some accountability that we may have to require if the enterprise funds continue to operate as some of them are. Some of them are working very well. Some of them are doing exactly what they were intended to accomplish, but some of them are not.

With that, Mr. Secretary, I would welcome your statement today, and once again we thank you for coming. First let me recognize my ranking minority member here, Mr. Wilson.

MR. WILSON'S OPENING STATEMENT

Mr. WILSON. Well, Mr. Secretary, I have a little compliment here for you. You're a whole lot better as the number one man than you were as the number two man. [Laughter.]

I think that you're doing a great job. I think the State Department is doing a great job. I just was trying to think of something to complain to you about on the way up here, and I couldn't think of anything.

I would like to raise one point that I know that you agree with me on about, but it's what the Government of the United States might want to respond to. And that is that in some countries of the world to which we have been particularly helpful and perhaps saviours, it's increasingly difficult for American businesses to do business and observe American laws. And I've been talking to Mr. Talbert and others in the State Department about this, and I've gotten good responses. But I particularly have in mind, Kuwait. And I'd just like for you to think about that sometime.

Mr. CALLAHAN. Mr. Secretary.

SECRETARY CHRISTOPHER'S OPENING STATEMENT

Secretary CHRISTOPHER. Mr. Chairman and members of the subcommittee, I am glad to appear again before the House Foreign Operations Subcommittee. This is the beginning of a new budget cycle, and I look forward to working with you in this new cycle.

Mr. Chairman, I want to express my appreciation for your personal efforts throughout the year to address our funding needs. Your travel and your personal efforts, I think, are testimony to your sincerity and your dedication to the process and your role of chairman. If my earlier statements about this have not gotten through the public media, then perhaps they will today. I do appreciate very much the cooperation we've had from the committee and your efforts to provide funding for us.

I also want to recognize with considerable regret the impending retirement of Mr. Wilson, the ranking Democratic member. He's been a great supporter of foreign aid for many, many years in difficult times, in bad times and good, I would say. Congressman Wilson, I would say this about you: you look just as young as you did when I was Deputy Secretary of State. [Laughter.]

I can't say the same for myself.

But, we appreciate the assistance of this committee, Mr. Chairman, and I want to put that on the record.

The budget that we consider today is about much more than dollars and cents. It poses a fundamental choice to this Congress, and I suppose for the American people. 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 that are 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 and we have to act? Will we sustain the alliances and institutions that were created after the Second World War, or will we, on the other hand, walk away from our commitments and leave ourselves no options but to face future crises alone? Will we confront new threats that respect no borders, or will we leave our children in a world beset by nuclear proliferation, terrorism, and environmental crisis? Those are only a few of the fundamental questions that are posed in this budget which are expressed in dollars and cents but, nevertheless, involve the most fundamental choices.

Our Administration has made its choice. We have come to feel that the central lesson of this century is that Americans must lead. That has been the lesson that I have drawn from the last three years. And I'd like to reflect just for a moment on what our leadership has accomplished, many times, I want to stress, with bi-partisan support from this committee and others.

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 frozen and on its way to the scrap heap. Our economic diplomacy has fueled an export boom and created more than a million high-paying American jobs.

America has stood for those who have taken the risks for peace. A strong bipartisan effort has 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, we have stood with the peacemakers.

The foreign policy achievements of this Administration have been possible because we have not hesitated to lead. Our investments are paying off. I believe our Nation is safer, our economy is stronger, and our values around the world are ascendant.

The kind of leadership that produced these achievements cannot be sustained on the cheap, unless we want to try to shortchange the American people. We certainly will be unsuccessful if we do that. Nor can we rely on military strength alone to project our leadership, unless we want to use our military all the time. That would be very costly in terms of dollars and lives that we simply cannot afford to waste.

The total international affairs budget has fallen 51 percent in real terms since 1984. Our \$19.2 billion request for 1997, with a \$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 projects the United States and maintains American leadership.

Mr. Chairman, I appreciate very much your commitment with respect to our budget request and the fact that you feel that we can achieve satisfactory funding within that request, which you noted is more moderate than last year.

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 new transnational security threats, and promoting open markets and prosperity.

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

Two weeks ago the President affirmed America's leading role for peace in the Middle East in his visits to Egypt and Israel. The Summit of Peacemakers demonstrated dramatically that Israel now has partners in the region who stand with it against terrorism. It's striking for me to think that if those terrible events had happened three years ago, Israel would have been largely alone at a conference of the kind that we had at Sharm el-Sheikh. On his visit to Israel, the President renewed America's commitment to provide them the moral and material support that that nation needs to fight terror and to achieve peace with security.

The government of Israel worked with us to identify critical anti-terrorism needs totalling \$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. These funds will help meet Israel's urgent needs, including bomb-sniffing devices and x-ray equipment, as well as training and technical cooperation.

Mr. Chairman, you raised some questions about this funding for the Middle East, and I want to pause from my statement to comment on that. The United States' support for the Middle East peace