

U.S. Senate Committee on Foreign Relations
Senator Richard G. Lugar
Opening Statement for Foreign Policy Priorities
in the President's FY10 International Affairs Budget
May 20, 2009

I join in welcoming Secretary Clinton. We are pleased to have the opportunity to examine the State Department Budget and ask fundamental questions about the Obama Administration's foreign policies.

Secretary Clinton is presenting a Foreign Affairs budget that reflects an increase of roughly 9 percent over the previous year. This is an important figure, but it is not sufficient to illuminate whether the budget meets our national security needs. Although our defense, foreign affairs, homeland security, intelligence, and energy budgets are carefully examined from the incremental perspective of where they were in the previous year, evaluating whether the money flowing to these areas represents the proper mix for the 21st Century has not been a strength of the budget process. In the past, neither Congress nor the Executive Branch has paid sufficient attention to whether we are building national security capabilities that can address the threats and challenges we are likely to encounter in the future. The failures of the budget process usually have left funding for diplomacy and foreign assistance short of what is necessary.

Even as we examine the State Department and Foreign Assistance budgets, we should be cognizant that Obama Administration officials have been engaged in international talks on enormous budgetary commitments that could go well beyond the \$53.9 billion that we are considering today.

The Administration chose not to include its \$108 billion request for the International Monetary Fund as part of the regular 2010 budget. Instead, at the last minute, the Administration asked that money for the IMF be included in the supplemental appropriations bill before the Senate this week. Although I believe the IMF is essential to shoring up the international financial system, this process has truncated Congress' opportunity to evaluate the proposed funding. It has also encumbered the public transparency of the Administration's proposal, which is critical to building broad support for the U.S. commitment to the IMF - not just this week, but looking forward in the months and years to come.

Climate change negotiations have the potential for an even bigger fiscal and economic impact. Although the Administration is consulting with Congress, we still have few details about the structure of a potential climate change agreement or associated financial issues. There are broad expectations that an agreement would include the establishment of several funds through which the United States and other OECD countries would help developing nations adapt to climate change and develop clean technology. This could involve the expenditure of tens of billions of dollars in government revenue.

I mention these potential international commitments to underscore that we must see beyond the narrow confines of the State Department Budget. The global financial crisis, the strains on global food and energy supplies, non-proliferation pressures, the threat of international pandemics, the potential impact of climate change, and continuing instability in the Middle East, among other issues, will place enormous demands on U.S. leadership and resources.

We have to expect additional political, economic, or even national security shocks. We know from history that societies under severe economic stress often do not make good political choices. In the face of job losses, wealth evaporation, homelessness, hunger and other outcomes, the fabric of many nations will be tested. The crisis is likely to stimulate nationalism that could lead to demagogic policies or governments. Under such conditions, some nations might experience a retreat from democracy. This in turn increases the possibility of violent conflict within and between nations.

But we should be clear that expenditures should fit into a strategy that seeks the maximum impact from funds and addresses our most critical national security deficits. Expenditures that prevent problems from spiraling into

crises deserve the higher priority they are receiving. For example, as I mentioned several months ago at Secretary Clinton's confirmation hearing, food and energy, in particular, should receive far more diplomatic attention than they have in the past.

Energy vulnerability constrains our foreign policy options around the world, limiting effectiveness in some cases and forcing our hand in others. Progress will require personal engagement by the Secretary of State. I am hopeful that the Secretary will soon appoint a senior State Department Energy Coordinator who will have direct access to her in accordance with legislation this Committee passed into law during the last Congress.

I appreciate the attention that the Secretary has focused thus far on global hunger. Eradicating hunger must be embraced as both a humanitarian and national security imperative. Unless nations work together to reverse negative trends in agricultural productivity, the combination of population growth, high energy prices, increasing water scarcity, and climate change threaten to create chronic and destabilizing food shortages.

Without action, we may experience frequent food riots and perhaps warfare over food resources. We almost certainly will have to contend with mass migration and intensifying health issues stemming from malnutrition. Our diplomatic efforts to maintain peace will be far more difficult wherever food shortages contribute to extremism and conflict.

Madame Secretary, it is a pleasure to have you with us today. We look forward to your insights on these and many other matters.

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