

Opening Statement
State Department Budget Hearing
Senator Richard G. Lugar
March 2, 2011

I join the Chairman in welcoming Secretary Clinton to the Committee. I look forward to her thoughts on State Department and foreign policy priorities for the coming year.

Our hearing today takes place in the context of deep economic uncertainty at home, coupled with extraordinary upheaval overseas. The American people are still suffering from high unemployment, with 9.5 percent out of work in my home state. The fiscal year 2010 budget deficit registered about \$1.3 trillion, or 9 percent of GDP. Under President Obama's proposed budget, the fiscal year 2011 deficit would be at least that high. Our total national debt has climbed above \$14 trillion. Some businesses are returning to profitability, but long-term economic growth is threatened by numerous forces, including the skyrocketing national debt, high energy prices, and increased competition for export markets.

Overseas, almost 100,000 American military personnel are fighting a difficult war in Afghanistan. More than 1,380 of our troops have been killed in Afghanistan with almost 10,500 wounded. Meanwhile, we are entering our eighth year in Iraq, a deployment that has cost more than 4,400 American lives and wounded roughly 32,000. We still have more than 46,000 troops deployed in that country. As we discussed in our hearing yesterday, tensions on the Korean Peninsula are extremely high with no resolution to the problem of North Korea's nuclear program. We continue to pursue international support for steps that could prevent Iran's nuclear program from producing a nuclear weapon. We remain concerned about stability in Pakistan and the security of that country's nuclear arsenal. We are attempting to counter terrorist threats emanating from Afghanistan, Pakistan, East Africa, Yemen, and many other locations.

In recent months, this tenuous security environment has been further complicated by mass movements in Tunisia, Egypt, Libya, and elsewhere that are reshaping the Middle East with unpredictable results. People who have been alienated from their governments with no political power are beginning to believe that they have a personal stake in their country's direction. While this comes with high risks, especially in the short term, we know that the long-term prospects for stability, prosperity, and moderation are better in a Middle East in which populations actively participate in their own governance.

These conditions at home and abroad necessitate that all government agencies, including the State Department, prioritize initiatives that invigorate and protect the American economy and fundamental U.S. security. Secretary Clinton and our diplomats, aid workers, security personnel, and others are on the frontlines of these issues. We appreciate the sacrifices that they make and the risks that they take daily on behalf of the American people.

I would observe that the situation in Libya and the broader Middle East underscores the importance of three ongoing objectives of U.S. foreign policy that extend beyond management of immediate problems and crises.

First, the State Department and other agencies must be devoted to U.S. energy security. The disruption of oil from Libya has impacted world markets causing the price of oil to spike above \$100 a barrel and raising the prices Americans pay at the pump. Volatile oil prices are a threat to U.S. economic recovery, and dependence on foreign oil limits our foreign policy choices. We are living in an age of extreme vulnerability to oil supply disruptions from war, instability, terrorism, or embargo.

To end this dangerous over-reliance on oil imports, we must find more domestic resources, improve our efficiency and improve international cooperation. I believe the Administration should reverse its de facto prohibition on new off-shore oil drilling, develop new forms of liquid fuels from domestic feed stocks like biomass and coal, and dramatically increase the fuel efficiency of our vehicles. As this occurs, the State Department must work to diversify supply routes, and boost our energy trade with reliable and transparent allies like Canada, in place of shaky and sometimes hostile suppliers.

Second, although the situation in Libya is extremely dangerous, we can be thankful that the upheaval is occurring without a nuclear weapons dimension. The Bush Administration was successful in coaxing Libya to give up its nuclear weapons program eight years ago. The importance of that success has been magnified by the current crisis. Although the Defense Department is responsible for a large share of global non-proliferation and counter-proliferation efforts, including the Nunn-Lugar program, the State Department also plays a key role in working with other governments to overcome the proliferation threat.

As we discussed yesterday in the context of North Korea, regime instability – wherever it occurs – heightens the chances that governments or individuals will seek leverage or profit that might come with transferring WMD technology. The consequences of even one WMD attack by terrorists or a rogue state could be devastating for our economy, our budget, our children, and perhaps our freedoms. Last fall, I led a U.S. government delegation to East Africa to strengthen Nunn-Lugar outreach to several governments on improving security related to biological pathogens. Officials and programs throughout our national security apparatus must redouble efforts to deal with proliferation threats wherever they may occur.

Third, food shortages and high prices for commodities have been issues in almost every Middle Eastern country that has experienced demonstrations. This underscores again the pivotal position of the United States as the largest and most diverse grower and exporter of food. This role comes with both enormous economic opportunities and national security imperatives.

The world will experience explosive growth in demand for food as large populations in China, India, and elsewhere become more affluent. Meanwhile, countries throughout Africa and Asia suffer from severe hunger and malnutrition. The United States must give high priority to executing a global food policy that both creates export opportunities for our farmers and agricultural businesses and addresses hunger in volatile regions that could negatively impact our national security. I am grateful for the Secretary's personal interest in this topic and encourage her to continue to work with the Congress on this issue.

We appreciate the Secretary's appearance before us today amidst her very demanding schedule, and I look