Senate Committee on Foreign Relations
Chairman Richard G. Lugar
Opening Statement for
Mark-up of Foreign Affairs Authorization Act for FY06 and 07
March 3, 2005

Today, the Foreign Relations Committee meets to mark up the Foreign Affairs Authorization Act for Fiscal Years 2006 and 2007. The funding and policies in this two-year bill will cover State Department operations, embassy construction and security, education and cultural exchange programs, as well as numerous other programs and activities. It also includes funding and policies related to our foreign assistance programs.

During the last several weeks, the Committee has been working hard on this bill. We held an extensive hearing with Secretary Rice on the State Department budget, and yesterday, we held a six-part hearing on foreign assistance programs. This bill also benefited from numerous briefings and bipartisan discussions between Republican and Democrat staffs.

In our hearings and through our daily contacts with the State Department, our Committee has witnessed the commitment and skill of Department personnel as they work to improve national security and prosperity in increasingly difficult and dangerous circumstances. In marking up this bill today, we will be affecting policy that is central to the war on terrorism and to America's standing in the world.

Since the end of the Cold War, the Foreign Affairs Account frequently has suffered from inadequate funding. The American public generally understands that the United States reduced military spending in the 1990s following the fall of the Soviet Union. Few are aware, however, that this peace dividend spending reduction theme was applied even more unsparingly to our foreign affairs programs. In constant dollars, the foreign affairs budget was cut in six consecutive years from 1992 to 1998. This slide occurred even as the United States sustained the heavy added costs of establishing new missions in the fifteen emergent states of the former Soviet Union. In constant dollars, the cumulative effect was a 26 percent decrease in our foreign affairs programs. As a percentage of GDP, this six-year slide represented a 38 percent cut in foreign affairs programs.

By the beginning of the new millennium, these cuts had taken their toll. The General Accounting Office reported that staffing shortfalls, lack of adequate language skills, and security vulnerabilities plagued many of our diplomatic posts. In 2001 the share of the U.S. budget devoted to the international affairs account stood at a paltry 1.18 percent – barely above its post-World War II low and only about half of its share in the mid-1980s.

Under President Bush and Secretary Powell, funding for the Foreign Affairs Account has increased substantially. The President has requested increases in each of the last four budgets. In this year's budget, the President has requested a 13 percent increase over last year's appropriated amount for the Foreign Affairs Account – the largest percentage increase of any major account in the budget. This is a tangible demonstration of the President's commitment to diplomatic strength. Congress must now do its part by providing the resources the President needs to carry out an effective foreign policy.

The bill before us does not change funding levels in the President's request. Inevitably, members will have some differences with the specifics of the President's request. But given that the 150 Account received the largest increase of any major account in the President's budget, my view has been that we should take his funding amounts to the floor. If amendments are offered to shift funding between programs, they should include offsets. This bill represents a generous attempt to raise the profile and effectiveness of U.S. diplomacy. Those of us who have advocated in favor of funding increases for the 150 Account should take "Yes" for an answer.

The bill funds the Millennium Challenge Corporation at the President's requested level of $3 billion. Some have argued that that the President should have requested $5 billion – the amount he originally had conceived for the corporation's third year of funding. Others have argued that $3 billion is too much for a new venture that is just getting off the ground, and that some of this money should be shifted to other priorities. My own view is that $3 billion is a reasonable amount, given the scope of the program and its potential for spurring democratic reforms overseas. The credibility of the program, which foreign nations are observing closely, would be strengthened if this Committee endorsed the President's funding request. For these reasons, I would oppose amendments that seek to use MCC funds as an offset for other priorities.

This bill contains numerous policy initiatives, most notably the Stabilization and Reconstruction Civilian Management Act, which was developed in this Committee and included in last year's bill. The bill before us also includes a 10 percent increase in danger pay for State Department employees who serve in dangerous posts overseas, funding for refugee assistance, and provisions designed to improve protections for women, children, and other vulnerable populations in the context of war or disaster.

I thank all Senators and their staffs for their suggestions, which have greatly improved the bill before us. Today, I look forward to the further contributions of Senators during this mark-up.

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