

OPENING STATEMENT
SENATOR RICHARD G. LUGAR
SENATE COMMITTEE ON FOREIGN RELATIONS
HEARING ON DIPLOMACY AND THE WAR ON TERRORISM
MARCH 18, 2003

Today, the Committee meets to examine the critical role of diplomacy in the war on terrorism. We do so as diplomatic efforts at the United Nations related to disarming Iraq have come to a conclusion. During the last several months, the ability of our military to defeat Iraq has never been in question. What has been in doubt are factors related to our diplomatic strength and our standing in the world. Our diplomats have been at the forefront of efforts to gain support in the U.N. Security Council, to secure necessary basing and overflight rights, to limit anti-American reactions to war in the Arab world, and to secure allied participation in the work of reconstructing Iraq after a war.

The September 11 attacks jarred our country out of complacency toward foreign threats. But what is still missing from American political discourse is support for the painstaking work of foreign policy and the indispensable role that diplomacy plays in our strategic effort to win the larger war on terrorism.

American embassies and diplomatic personnel are on the front lines of the war on terrorism. On a daily basis, they are enlisting assistance in foreign countries from Presidents and Prime Ministers all the way down to the local police precincts. It is a massive undertaking that has brought a major influx of law enforcement, intelligence, and financial experts into the embassies to work with their local counterparts. We have garnered the sympathy and cooperation of nations on every continent for our effort to deny members of Al Qaeda refuge and financial support. The arrest of Khalid Shaikh Mohammed, a mastermind of the September 11th attacks, is the most recent example of the success that this hard work is yielding.

Despite the critical role of the State Department, we have not provided it with sufficient funding. We are spending only a little more than 7 cents on foreign affairs for every dollar we spend on defense. As a percentage of discretionary spending, the International Affairs Budget, stands at about 3.4%. This is the lowest percentage of discretionary funding devoted to international affairs in recent memory. The figure is 30% below the 1985 peak and 15% below the annual average since 1983.

Under President Bush and Secretary of State Powell, foreign affairs spending has received important increases since September 11, 2001. But we dug a very deep hole for ourselves during the mid- and late-1990s, when complacency about the role of our diplomats led foreign affairs spending to be greatly devalued. From 1994 through 1997, the International Affairs Budget sustained consecutive annual real decreases of 3.6%, 5.6%, 11.4%, and 1.5%. This slide occurred even as the State Department was incurring the heavy added costs of

establishing new missions in the 15 states of the former Soviet Union. The State Department budget has been starved, and it has not yet fully recovered. Moreover, this week, we are considering a budget resolution in the Senate that reduces the President's request for the international affairs portion of the budget by \$1 billion.

The importance of the State Department budget to the fight on terrorism can be seen in Pakistan. After September 11, some 3,000 U.S. officials on temporary duty entered the country to help track down Al-Qaeda terrorists. They included State's own diplomatic security personnel, FBI officers, special forces, and intelligence agents. Embassy staff was stretched thin with only 4 political officers and 2 economic officers to support the influx. This is not an isolated case. The GAO has documented staffing gaps in hardship posts, officers serving without adequate language training, and embassies that do not meet even the most minimal standards of safety.

Secretary of State Powell, good soldier that he is, will always do his best with the money that the President and the Congress give him. But members of Congress need to inform the American people that we are under-funding our foreign affairs capabilities at a time of great peril. Teddy Roosevelt prescribed that America should "Speak softly and carry a big stick." In the present age we are carrying an incredibly big stick, but we must be willing to spend more resources on our ability to "speak softly." If a greater commitment of resources can prevent the bombing of one of our embassies, secure alliance participation in expensive peacekeeping efforts, or improve detection of terrorists seeking visas, the investment will have yielded dividends far beyond its cost. In the long term, it will be diplomatic skills, public diplomacy efforts and foreign assistance that can help build strong and stable societies that fulfill the aspirations of their citizens and deny terrorists the uncontrolled territory and abject poverty in which they thrive.

The purpose of this hearing is to examine whether the State Department has the resources both here in Washington and in its embassies overseas to pursue the kind of broad effort against terrorism that is needed both in the short-term and in the long-term.

I am delighted to welcome Marc Grossman, the Under Secretary of State for Political Affairs, and Grant Green, the Undersecretary of State for Management, who will be testifying on the first panel. We will then turn to a second panel that will focus specifically on the work that is taking place in our embassies. Ambassador-at-Large J. Cofer Black is the State Department's Coordinator for Counter-terrorism. Mr. Jon Pistole is the Deputy Assistant Director of the Counter Intelligence Unit at the FBI. And, lastly, we will hear from Juan Zarate who is the Deputy Assistant Secretary in charge of the Treasury Department's Executive Office for Terrorist Financing and Financial Crime. We appreciate the enormous expertise that each of our witnesses offers us today, and we look forward to their testimony.

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