

**TESTIMONY OF
SECRETARY OF STATE HILLARY RODHAM CLINTON
2013 BUDGET REQUEST FOR THE STATE DEPARTMENT AND USAID
SENATE APPROPRIATIONS SUBCOMMITTEE
ON STATE AND FOREIGN OPERATIONS
WASHINGTON, DC
FEBRUARY 28, 2012**

Chairman Leahy, Ranking Member Graham, members of the Committee: it is good to be with you again. I am grateful for your support for civilian power these past three years and eager to hear your thoughts on the work ahead.

We are living through a time of volatility and possibility. The Arab world is transforming. The rise of new powers is redrawing the strategic map, creating new partners, new challenges and growing economic competition. Al Qaeda is weakened, but still dangerous. In this time, only America has the reach, resources and relationships to anchor a more peaceful and prosperous world.

The State Department and USAID budget we discuss today is a proven investment in our national and economic security, but also something more: it is a down payment on American leadership in a fast-changing world.

When I became Secretary of State, I saw a world that needed America, but also one that questioned our focus and staying power. Ever since, we have worked together to put American leadership on a firm foundation for the decades ahead. We have ended one war and are winding down another. We have cemented our place as a Pacific power, while maintaining the most powerful alliance in history across the Atlantic. We have elevated the role of economics within our diplomacy to create American jobs and advance our strategic interests. We have reached beyond governments to engage directly with people—with a special focus on women and girls.

We are updating our diplomacy and development for the twenty-first century, making use of new technologies, partnering with the private sector and finding ways to work smarter and more efficiently. After the first-ever Quadrennial Diplomacy and Development Review, we created two new bureaus focused on counterterrorism and energy and reorganized a third to prevent fragile states from becoming failed states.

Like many Americans in tough economic times, we have made difficult tradeoffs and painful cuts. We have requested 18% less for Europe, Eurasia and Central

Asia, preserving our most essential programs and using the savings for more urgent needs elsewhere. We are scaling back construction, improving procurement and taking countless steps to lower costs.

Even as our challenges and responsibilities multiply around the world, our request represents an increase of less than the rate of inflation. State and USAID request \$51.6 billion, just over one percent of the federal budget.

Today, I want to highlight five priorities—all made possible by the investments in this budget.

First, our request allows us to sustain our vital national security missions in Iraq, Afghanistan and Pakistan. As President Obama says, “the tide of war is receding.” But as troops come home, civilians remain to carry out the critical missions of diplomacy and development. Our request reflects the temporary, extraordinary costs of operating on the frontlines.

In Iraq, civilians are now in the lead, working to help that country come through this current period of challenge and uncertainty to emerge as a stable, sovereign, democratic partner. This increases our civilian budget, but State and USAID are asking for only one-tenth of the \$48 billion the U.S. government spent on Iraq as recently as 2011. The 2013 U.S. government-wide request for Iraq, including defense spending, is now \$40 billion less than it was just two years ago. So this approach is saving taxpayers a great deal of money.

Over time, despite the past week’s violence, we expect to see similar government-wide savings in Afghanistan, where civilians have already taken on increased duties. This year's request will support the ongoing transition, helping Afghans take responsibility for their own future and ensure their country is never again a safe-haven for terrorists to threaten America. In Pakistan, we have a challenging but critical relationship. We remain committed to working on issues of joint interest, including counter-terrorism, economic stability and regional cooperation.

For the past decade, we have been focused—by necessity—on the places where we face the greatest threats. In the decade ahead, we need to be just as focused on the areas of greatest opportunity. Which brings me to another critical priority: the Asia-Pacific region, from the Indian subcontinent to the shores of the Americas. The Obama Administration is making an unprecedented effort to build a strong network of relationships and institutions across the Pacific. In the century ahead, no region will be more consequential.

As we tighten our belts around the world, we are investing the diplomatic attention necessary to do more with less. In Asia, we are pursuing what we call forward-deployed diplomacy—from strengthening our alliances, to launching new strategic dialogues and economic initiatives, to creating and joining important multilateral institutions, to our new opening with Burma—to underscore that America will remain a Pacific power.

Third, we are focused on the wave of change sweeping the Arab world. We have a significant stake in successful democratic transitions. And as the region transforms, so must our engagement.

Alongside our bilateral and security support, we are proposing a \$770 million Middle East and North Africa Incentive Fund to encourage major political and economic reforms. This fund will support credible proposals—validated by rigorous analysis and key stakeholders, including Congress—to promote democratic change, effective institutions, and broad-based economic growth. When countries commit to making genuine reform, the fund will provide meaningful assistance, which ultimately puts our partnerships on firmer footing. And, in an unpredictable time, it lets us respond to unanticipated needs in a way that reflects our leadership role in the region

Of course, not all countries in the region are embracing the mantle of reform and responsibility. This budget request would allow us to keep our commitment to help the Syrian people survive a brutal assault, reclaim their country and plan for a future without Assad.

Our request also supports those working for change at the grassroots. It continues our assistance for Arab partners in Jordan, Morocco and elsewhere. It provides a record level of support for our ally, Israel. And it makes possible our diplomacy at the UN and around the world, which has now put in place—with your help—by far the toughest sanctions Iran has ever faced.

The fourth priority is what I call economic statecraft—how we act at the crossroads of economics and diplomacy. At every turn, we are asking: how can we use diplomacy and development to strengthen our economy? We have more than 1,000 State Department economic officers working every day to help American businesses connect to new markets and consumers to create opportunities here at home. We are pushing back against corruption, red tape, favoritism, distorted currencies and intellectual property theft. USAID invests in the poorest, most unstable regions because it is the right thing to do, but also because it helps create the trading partners of the future. Under the leadership of U.S. Trade

Representative Kirk, we have worked closely together on three trade agreements that will create tens of thousands of American jobs. And we hope to work with Congress to ensure that, as Russia enters the WTO, foreign competitors do not have an advantage over American business.

Finally we are elevating development alongside diplomacy and defense within our foreign policy. Poverty, disease, hunger and climate change can destabilize entire societies and sow the seeds for future conflict. We have to make investments now not just to promote human security, but to meet even our traditional foreign policy goals down the road.

Through the Global Health Initiative, we are consolidating programs, increasing efficiencies and shifting responsibilities to host countries. By driving down costs, we will be able to provide life-saving HIV treatment for six million people by the end of 2013 without additional spending—accelerating our progress toward President Obama’s vision of an AIDS-free generation. Building on past investments, we are increasing countries’ own health system capacity. That helps us target our resources where they are most needed and have the greatest impact, including areas like maternal and child health.

Our Feed the Future Initiative will help millions of men, women and children—farmers and consumers—by driving agricultural growth and improving nutrition to hasten the day when countries no longer need food aid at all.

As we pursue these initiatives, we are transforming the way we do development. We are partnering with governments, local groups and the private sector instead of substituting for them. We are making it a priority to deliver measurable results, build local capacity and promote good governance and pro-growth policies to empower people to create and seize their own opportunities.

These five priorities—the frontline states, the Asia-Pacific, the Arab transitions, economic statecraft and elevating development— are each crucial to American leadership. And they are just the beginning of what we do to serve and safeguard the American people in every region of the world—including Africa, Latin America, Central Asia and Europe. State and USAID reduce the threat of nuclear weapons, fight international trafficking, counter violent extremism, and protect U.S. citizens overseas.

This work is done by some of the most capable, hardest working and bravest people I have ever met: the men and women of State and USAID. The political officers who worked for thousands of hours to assemble and hold together a

NATO-Arab coalition that helped the Libyan people reclaim their future—without a single American death. The economic officers helping American companies take part in the tens of billions of dollars of construction underway as Brazil prepares for the World Cup and Olympics. The development officers offering life-saving treatment. The consular officers who serve as the front line of our efforts to secure our borders. The public diplomacy officers who tell the world our story. And the management officers who make everything else possible. Working with them is one of the greatest honors I have had in public life.

With so much on the line, from the Arab world to the Asia-Pacific, we simply cannot pull back. Investments in American leadership are not the cause of our fiscal challenges, and retreating from the world is not the solution.

American leadership is personal for me. It is my job everywhere I go. After three years, 95 countries and over 700,000 miles, I know very well what it means to land in a plane that says “United States of America” on the side. People look to us to protect our allies, stand by our principles and serve as an honest broker in making peace; to fight hunger, poverty and disease; and to stand up to bullies and tyrants. American leadership is not just respected. It is required. And it takes more than just resolve. It takes resources.

This country is an unparalleled force for good in the world. We all want to make sure it stays that way. I urge you to make this investment in strong American leadership and a more peaceful and prosperous future.

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