

**NOMINATIONS OF THE 110TH
CONGRESS—FIRST SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

—————
JANUARY 30 THROUGH DECEMBER 19, 2007
—————

Printed for the use of the Committee on Foreign Relations



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110TH CONGRESS—FIRST SESSION

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*Note: Reassigned to Committee on Finance January 24, 2008.

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110TH CONGRESS—SECOND SESSION

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*Note: Appointed February 12, 2008.

NOMINATIONS

TUESDAY, FEBRUARY 27, 2007

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

Fox, Sam, to be Ambassador to Belgium
Phillips, Stanley Davis, to be Ambassador to the Republic of Estonia

The committee met, pursuant to notice, at 2:50 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Barack Obama presiding.

Present: Senators Obama, Kerry, Cardin, Coleman, Voinovich, and DeMint.

OPENING STATEMENT OF HON. BARACK OBAMA, U.S. SENATOR FROM ILLINOIS

Senator OBAMA. This hearing will please come to order. This is the hearing of the Senate Foreign Relations Committee. Today, the committee will consider the nominations of Mr. Stanley Davis Phillips to serve as Ambassador to Estonia and the nomination of Mr. Sam Fox to serve as Ambassador to Belgium.

I welcome both gentlemen and their families to our hearing.

Now, I know we have a busy agenda. There are a number of witnesses who are wishing to present what I will—what I'm sure will be glowing testimony of both nominees. Because we've got a lot of people who wanted to speak, we're going to try to keep things moving, and I ask that everybody try to keep their comments as brief as possible. And I will try to lead by example.

The ambassadorial posts for which Mr. Phillips and Mr. Fox have been nominated are important ones, and there are significant U.S. interests at stake in both relationships. Estonia has been a leader in efforts to establish more democratic, accountable governments in eastern Europe; the country's troops have also served alongside U.S. forces in numerous international peacekeeping missions. Belgium is a founding member of NATO and the European Union, and the host country to both these institutions. Belgium's relationship with the United States provides the diplomatic backdrop for most high-level discussions on transatlantic cooperation, so it's clearly critical that we have capable, qualified individuals in these two positions.

I see that we have a number of Members of the Senate, and former Members of the Senate, who are interested in introducing

the nominee, so, in the interest of time, I will stop here and turn to my good friend Senator DeMint, ranking member of the European Affairs Subcommittee, for his opening statement. And following that, we'll proceed to introductions and opening statements from the witnesses.

Senator DEMINT. Thank you, Mr. Chairman.

Out of deference to Senator Coleman, since he was here first, if he would like to make an opening statement, I'll yield to him first.

Senator COLEMAN. Mr. Chairman, I'll yield to the ranking member at this time. And I know a number of my colleagues—I'm sure their schedules are full, so I would hold my statement and comments until after the ranking member and my colleagues have had a chance to do their introductions.

Senator COLEMAN. Thank you. And, Mr. Chairman, I'll try to be brief.

**STATEMENT OF HON. JIM DEMINT,
U.S. SENATOR FROM SOUTH CAROLINA**

Senator DEMINT. And thanks for holding this hearing and moving the process forward.

Good afternoon, Mr. Fox and Mr. Phillips. I appreciate your being here today and your willingness to serve our Nation as ambassadors.

Today, the role of an ambassador is daunting. Without a doubt, there are many challenges and opportunities in Europe, and you will both be in very crucial positions to help foster the transatlantic relationships between the United States and Europe. Your willingness to be good listeners and advocates are vital to U.S. foreign policy.

Often, we hear European leaders express how the United States and Europe share a common set of values. I agree with them. We have a long history of shared values that include the ideals of freedom and economic opportunity. We're committed to the idea of free markets and free societies. However, if we truly share these values, we all must believe they contain the answers to the challenges that confront us. European societies and their economies currently face many of the demographic problems we will face in the near future. There are lessons we can learn from them, but there are also ideas that we can share. The ideas of free markets and free societies can unleash creative solutions.

I believe European nations have incredible capability and potential to grow and to be more productive; however, it requires a willingness on the part of Europe's leaders to draft policies that unleash their people and trust what they're capable of.

As ambassadors, it's important you share and advocate the values that serve as a foundation to our prosperity. With your influence, Europe can be an even larger driving force in the world, economically and socially, and that would benefit everyone.

I also hope you will spend more of your time outside the embassy and government offices. The American culture is loved in Europe, but the same is not always true of American policy. However, the two cannot be conveniently separated, as many Europeans believe. And successful diplomacy is no longer an activity just between heads of state, but between the people of each nation. Much of this

can be accomplished through and economic ties. If you're committed to changing perceptions and wish to be successful American advocates, you will need to deliver your messages to the people directly.

The best days of Europe are still ahead, and you both can play a role in making this a reality. I thank you both again for being willing to serve.

And thank you, Mr. Chairman, I'll yield back.

Senator OBAMA. Thank you, Senator.

At this point, what I'd like to do is welcome my colleagues from North Carolina who are here to introduce Mr. Phillips. And we're going to go in order of both seniority and attractiveness—

[Laughter.]

Senator BURR. Leave me out of it.

Senator OBAMA [continuing]. With Senator Dole, and then we'll proceed to Senator Burr.

**STATEMENT OF HON. ELIZABETH DOLE,
U.S. SENATOR FROM NORTH CAROLINA**

Senator DOLE. Thank you, Mr. Chairman, Senator DeMint, Senator Coleman. It's a great privilege to introduce Dave Phillips, who has been nominated by the President to serve as the sixth United States Ambassador to the Republic of Estonia.

I'm honored to come before this committee to enthusiastically express my support for this nomination. Dave and his wife, Kay, have been dear friends through many years. Dave is one of the finest government and business leaders that North Carolina has known, and is more than qualified to join the ranks of our diplomatic corps.

Our country is blessed, indeed, to have such talented and experienced people who are willing to serve in our embassies overseas. I'm confident that Dave will serve with great distinction as the primary liaison between the United States and Estonia.

If confirmed, Dave Phillips will be responsible for promoting and protecting United States interests in Estonia, ever more important to the region as a whole since the collapse of the Soviet Union in 1991. Since then, the country has been able to develop economic and political ties with western Europe, and, in just the past few years, has joined NATO, the European Union, and the World Trade Organization. Estonia is a success story, how a former Soviet bloc country can transition to a democracy and modern market economy.

Just last September, President Bush visited Estonia to underscore the importance of free-market democracies and what they demonstrate to countries pursuing the same goals. Without question, Dave Phillips is the right person to serve as our chief representative to this country at this time. He's been involved in international commerce his entire professional life. As an international businessman, he promoted American furniture and textile businesses abroad. As Secretary of Commerce for North Carolina, he built relationships with other countries and is responsible for North Carolina's offices in Hong Kong, Tokyo, Mexico City, Frankfurt, and London. He led trade missions around the world and interfaced with business and government leaders, alike.

For all of Dave's international achievements, his most stellar accomplishment may have been here at home. He served as chair of the World Games of the Special Olympics in 1999, which, I'm proud to say, were held in North Carolina. At those games, he was able to bring together represents from 150 countries for a spectacular event.

Mr. Chairman, with his vast business and government expertise, Dave Phillips possesses the critical diplomatic and leadership skills needed to succeed in this important position. He will make a first-rate United States Ambassador.

Before I conclude, let me commend Aldona Wos for her service as United States Ambassador to the Republic of Estonia these past 2 years. Our country's relationship with Estonia, economically, politically, socially, and militarily, is better off because of Ambassador Wos's efforts.

I'd also like to acknowledge Sam Fox, who has been nominated by the President to serve as United States Ambassador to Belgium. Sam has been a close personal friend of Bob and Elizabeth Dole for many years, and I have known him to be unparalleled in his commitment to philanthropy and education. He and his wife, Marilyn, do so much to better communities here at home and abroad. He will make an excellent United States Ambassador.

Mr. Chairman, you have two outstanding nominees before you today.

Thank you very much.

Senator OBAMA. Thank you very much.

Senator Burr.

**STATEMENT OF HON. RICHARD BURR,
U.S. SENATOR FROM NORTH CAROLINA**

Senator BURR. Mr. President—I mean, Mr. Chairman—excuse me—

[Laughter.]

Senator OBAMA. That's okay. [Laughter.]

Senator BURR. That was a good Carolina suck-up there. [Laughter.]

Mr. Chairman, thank you. To my colleagues, thank you for the opportunity for Senator Dole and me to come in and talk about, one, a dear friend, but, two, somebody who's eminently qualified. He's an extraordinary individual. He brings the qualifications that the United States needs in our embassies abroad. And I know he will do an outstanding job as the Ambassador to the Republic of Estonia.

The United States and Estonia have had relations since 1922. That relationship grew into a deep friendship when the United States continued to recognize Estonia's mission to the United States even while their homeland suffered 51 years of Soviet occupation. Indeed, this formed a solid foundation on which the United States and Estonia relations have flourished ever since, and Dave Phillips is the right man at the right time to continue to enhance those already strong ties.

As an accomplished businessman, philanthropist, and father, Dave has, in fact, been performing the duties of an ambassador for

many years, and we, from North Carolina, are so proud to call him our own.

As you heard my colleague say, Dave represented the United States as the chair of the Special Olympics World Games here in Washington, and abroad, as a member of the board of the Smithsonian Institute, meeting and carrying America's message to leaders all over the world.

United States relations in Europe are more important today than they've been since the fall of the Berlin Wall. Once again, we see a familiar Russia seeking to exert its influence throughout eastern Europe and the Baltics. This crucial time is why we need a man like Dave Phillips, with his deep understanding of business and commerce, to cement the United States/Estonia relationship and to reassert the United States support for a free and democratic Europe.

I urge my colleagues strongly to support Dave Phillips' nomination.

I, as my colleague Senator Dole has done, am also here to highlight the great nomination of Sam Fox. I know there are others here to speak for him, but I believe that, when you know somebody well, there are not enough people that can stand up and speak to your character and your ability. Today I am convinced we have two of the finest nominees in front of us that—the nominations could be made—to serve this country in our embassies abroad.

I thank the Chair.

Senator OBAMA. Thank you very much, Senator Burr.

We, next, are going to get introductions for Mr. Fox. The senior Senator from Missouri is Senator Bond, but I understand that Senator McCaskill is supposed to be presiding in 15 minutes. Senator Bond, would you be willing to let Senator McCaskill go first?

Senator BOND. It's a pleasure to be here with my current colleague and former colleague, sir—

Senator OBAMA. Absolutely.

Senator BOND [continuing]. And I will pass the microphone delicately over to—

Senator MCCASKILL. Thank you, Senator Bond.

**STATEMENT OF HON. CLAIRE MCCASKILL,
U.S. SENATOR FROM MISSOURI**

Senator MCCASKILL. Thank you, Mr. Chairman. And it is an honor to be here today with, also, Senator Danforth. He is—was a incredibly leader for our State and embodies so much of what we should be about in the United States Senate, and that is working across party lines to try to find that elusive middle ground that is good for all America.

I am here today to embrace and endorse Sam Fox as the nominee of the President to Ambassador to Belgium. I think many people would maybe want to dwell on the fact that he is a—at his essence, a self-made man, the sixth child of immigrant parents, grew up in very modest surroundings, with no indoor plumbing. And the fact that he has made a wildly successful business—and, I think, for many in America, that is the American dream—I would like to just briefly credit Sam Fox for the part of the American dream that we don't spend enough time talking about, and that's the way he has

grown his family of five children, and his grandchildren, and the way he has taught them all to look beyond self to the community. Through his foundation, he and his family give to over 150 different charities. St. Louis has been very lucky to receive the generosity of the Fox family in many different ways, whether it's Washington University, the Boy Scouts, or the Art Museum. He really is somebody that understands that we need to give tribute to the country that gives us so much by giving back to other people. And that, I think, is really the essence of the American dream.

It is who he is as a man. He is a good man. He would be a great ambassador. I think he would make our country very proud. I think it is important right now that we send ambassadors around the world that make our country proud. I think Sam Fox would do that.

And I would like permission to put my written statement in the record on his behalf.

And I thank you for allowing me to speak briefly so that I may go do my freshman duty of presiding over the Senate.

[The prepared statement of Senator McCaskill follows:]

PREPARED STATEMENT OF HON. CLAIRE MCCASKILL,
U.S. SENATOR FROM MISSOURI

Mr. Chairman and fellow Senators, it is a privilege for me to join you today to present to the committee a distinguished citizen of the great State of Missouri, Sam Fox, who has been nominated by President Bush to be Ambassador to Belgium.

Sam Fox represents much that is good about America and is an excellent choice to represent our country to the state of Belgium. The youngest child of immigrant parents, Sam is the quintessential self-made man. As a small boy, growing up in a home that for many years lacked indoor plumbing, Sam realized that hard work, good ideas, and perseverance could take a person a long way. He put these values to use and worked his way into college, the first in his family to attend, and then worked his way straight through school. Twenty-five years after graduating, he founded the Harbour Group, a business that now has over \$1.5 billion in annual revenues. Many would say that Sam Fox has lived the American dream—I would agree.

But Sam Fox is not just characterized by his business success, but by his embracement of American values—hope, hard work, a sense of duty, an entrepreneurial spirit and—among our most revered values—a dedication to giving back to the community. Sam and his wife, along with their five children, contribute to over 150 charities through the Sam Fox Foundation. He has served as president of the Greater St. Louis Council of Boy Scouts and president of the Board of the St. Louis Art Museum. He has given extensively to his alma mater, Washington University, in St. Louis. He has been recognized with the Woodrow Wilson Award for Corporate Citizenship and the Marco Polo Award for his humanitarian and economic work involving China.

Ninety-three years ago Sam's father, Max Fox, landed on Ellis Island so that he could provide a better life and a better future for his family. I recommend that this committee support Max's sixth child, Sam Fox, for the position of United States Ambassador to Belgium, where Sam can represent the great American story, the greatness of American values, and the great potential of the American dream.

Senator OBAMA. Thank you very much, Senator.
Senator BOND.

STATEMENT OF HON. CHRISTOPHER S. "KIT" BOND,
U.S. SENATOR FROM MISSOURI

Senator BOND. Thank you very much, Mr. Chairman, Senator DeMint, Senator Coleman, Senator Voinovich. It's an honor to join with fellow Missourians in supporting the nomination of the President of Sam Fox to be Ambassador to Belgium.

Sam is a wonderful man, as you've heard already. We are delighted that he's accompanied by his marvelous family—his wife, Marilyn, and children, Cheryl, Pamela, Jeffrey, Greg, and Steven—whom I trust he will introduce.

It's already been said, he has a distinguished record of service to the American people at the national, State, and community level, and I've had the pleasure of knowing Sam for many years, and know, as my colleague said, that he is a dedicated man who's spent his life pursuing projects that enrich our communities and our families.

Professionally and morally, Sam is eminently qualified to hold the post for which he has been nominated. He does exemplify the American dream, born in Desloge, Missouri, a small town, he earned a bachelor's degree from Washington University, and proudly served in the U.S. Navy. In 1976, he founded the Harbour Group, a privately owned operating company specializing in the acquisition and development of manufacturing companies. His dedication and hard work has made Harbour Group one of the most successful companies of its kind in America.

He's often frank and candid with his colleagues and his friends, but Sam's optimism and enthusiasm have made him a leader in the business community and will make him a valuable addition to the United States diplomatic corps in Europe.

Sam's best known for his tireless advocacy of those in need. The son of Jewish immigrants, Sam remembers his parent were not wealthy, but they always sought to give back to the community that had given them hope for a new beginning. Following in this tradition, Sam and his wife, Marilyn, created the Fox Family Foundation over 20 years ago. Each year, the Fox Foundation supports up to 150 different organizations in the St. Louis area, to provide—including providing basic human needs, such as food and shelter, to those in need. However, Sam's efforts don't stop there. He's an exemplary citizen who has been extremely active in a wide variety of civic affairs. He's served in key leadership roles with the United Way, the Boy Scouts, the St. Louis Science Center, Civic Progress, and Barnes-Jewish Hospital. The communities Sam supports have recognized his contributions to the common good, as evidenced by the numerous awards he has received, including Woodrow Wilson Award for Corporate Citizenship and the St. Louis Citizen of the Year.

Sam Fox's business achievement and philanthropic work leave no doubt in my mind that he has the ability to represent effectively the best interests of the United States. His understanding of complex issues that impact our national and international interests will stand him and the administration in good stead as we face the endless array of emerging challenges bound to emerge in the days, months, and years ahead.

Sam's a good man, dedicated to his family, his community, and his country. As I stated previously, it's an honor to recognize his many contributions to our common good. Most of all, I'm proud to call him a friend. I know he'll serve the best interests of the United States ably and faithfully.

Thank you, Mr. Chairman.

Senator OBAMA. Thank you, Senator Bond.

We will proceed, then, with Senator Lieberman, Senator Specter, and we will end with the distinguished Senator Danforth, from Missouri.

Senator Lieberman.

**STATEMENT OF HON. JOSEPH I. LIEBERMAN,
U.S. SENATOR FROM CONNECTICUT**

Senator LIEBERMAN Thank you. Senator Danforth can offer not only an endorsement, but a benediction. [Laughter.]

Mr. Chairman, I'm honored to be here to join with Senator McCaskill, Senator Bond, Senator Specter, and our dear friend and former colleague Senator Danforth in urging this committee to report favorably on the nomination of Sam Fox to be Ambassador to Belgium.

I suppose that the array—what I can add to this distinguished group of colleagues is to prove that Sam not only has bipartisan, but tripartisan, support—

[Laughter.]

Senator LIEBERMAN [continuing]. For his nomination, and to say—just to echo, and really speak briefly—Sam Fox represents what America's all about. And that's why he will be, when confirmed, an extraordinary ambassador.

It's been said, but these are wonderful stories. Somebody—child of immigrants, born in very modest means, just had the dream that, in America, if you work hard and play by the rules, you can make it. And that's what he did, and he made it; and, when he did, he gave back to the community and the country in a thousand different ways.

Sam is an extraordinary philanthropic person. If I may be more colloquial, he's one of the softest-touches in America. This guy doesn't say no to somebody who comes and asks for help. And he has given enormous—made an enormous amount of good things happen for people.

I'd say just a word, that I don't mean to be parochial, but I say, as a Jewish American, that I'm proud to be supporting Sam Fox. As a proud Jewish American himself, he will bring that experience to Belgium, to the center of Europe, at a time when there is some division and suggestions of bias rising again. And Sam, from his own experience about the openness and mutual respect that he found in America, and that, in turn, he has given to this fellow Americans, I think, can have an extraordinarily positive effect. I'm honored to call Sam Fox my friend. I appreciate his friendship, and I am honored to ask you to send him to Brussels as our next ambassador.

Thank you very much.

Senator OBAMA. Thank you, Senator Lieberman.

Senator Specter.

**STATEMENT OF HON. ARLEN SPECTER,
U.S. SENATOR FROM PENNSYLVANIA**

Senator SPECTER. Mr. Chairman, other distinguished members of this panel, I am proud to join this very distinguished array of introducers.

I would ask unanimous consent that my full statement be made a part of the record, because I'm going to have to return to the Appropriations Committee, which is hearing—

Senator OBAMA. Without objection.

Senator SPECTER [continuing]. Secretary of State Condoleezza Rice and Secretary of Defense Bob Gates.

I've known Sam for the better part of 20 years, and I associate myself with the remarks which have been made here.

In conclusion, Mr. Chairman, if you had this much support, you'd be a shoo-in. [Laughter.]

Senator OBAMA. Thank you.

Senator SPECTER. Good luck, Sam.

Mr. FOX. Thank you very much.

Senator SPECTER. I don't think you need a whole lot of luck.

[The prepared statement of Senator Specter follows:]

PREPARED STATEMENT OF HON. ARLEN SPECTER,
U.S. SENATOR FROM PENNSYLVANIA

I am pleased to attend today's Senate Foreign Relations Committee hearing in order to provide an introduction for Mr. Sam Fox of Missouri, who has been nominated to be Ambassador of the United States to Belgium.

Mr. Fox was born and raised in Desloge, Missouri. He graduated with honors from Washington University in Saint Louis in 1951 and served in the U.S. Naval Reserve from 1951–1955.

As the founder, chairman, and chief executive officer of the Harbour Group, Mr. Fox has helped the company earn an outstanding national reputation for its record of success in acquiring and building high quality companies.

Mr. Fox has been extremely active in civic affairs, serving in key leadership roles in cultural, educational, and charitable institutions throughout the St. Louis area, including the Saint Louis Symphony Orchestra; the Opera Theatre of Saint Louis; Barnes-Jewish Hospital; the Saint Louis Science Center; Civic Progress; the Boy Scouts; the Saint Louis Art Museum; and the United Way.

Mr. Fox has also been a major supporter of Washington University. From 1999–2001, Mr. Fox served as the vice chairman of the University's Board of Trustees. From 1998–2004 he served as the chairman of the Campaign for Washington University, helping raise over \$1.5 billion. In 2004, he became the only Lifetime Trustee elected in the University's history. In October 2006, the University showed its appreciation for his longtime service and support by dedicating the new Sam Fox School of Design and Visual Arts in his honor.

Washington University is not alone in its praise for Mr. Fox. In 2003, he was named Saint Louis Citizen of the Year, an annual award given to a community leader who demonstrates concern for Saint Louis' growth and vitality. That same year, he was a recipient of the Woodrow Wilson Award for Corporate Citizenship, which is given to those executives who recognize the role they can play in improving society in general, while at the same time advancing the long-term interests of their firms, employees, and shareholders. In 2005, he received the Horatio Alger Award, which recognizes Americans of modest roots who achieve success through hard work, honesty, and perseverance.

I have traveled to Belgium seven times during my tenure in the Senate and have seen the work done by the United States Ambassador in Brussels firsthand. I am confident the embassy will be in good hands with Mr. Fox at the helm. I urge my colleagues on the Foreign Relations Committee to report his nomination favorably.

I look forward to casting my vote in favor of Mr. Fox's nomination in the Senate.

Senator OBAMA. And finally, Senator Danforth, who we thank not only for his service to the State of Missouri, but also for his service as United States Ambassador to the U.N., and, particularly timely, his outstanding work as a Special Envoy in Sudan. We very much appreciate your efforts on behalf of the country and the world.

Please proceed.

**STATEMENT OF HON. JOHN DANFORTH,
FORMER U.S. SENATOR FROM MISSOURI**

Senator DANFORTH. Mr. Chairman, thank you very much for the opportunity of speaking on behalf of my friend Sam Fox.

I am not going to dwell on his biographical information. That is now well-known to the committee. I'm simply going to speak about a person I know, and I know well.

I have been in Sam's home. He has been in mine. My daughter, Mary, is a very close friend of two of Sam's sons and their families. My grandchildren go to school with Sam's children. This is a long family connection, and I can say, if there is any way, Mr. Chairman, that you can wangle an invitation to go fishing with Sam Fox, accept that invitation. [Laughter.]

He, as has been said, grew up in Jefferson County, Missouri. It's the same county that gave us Bill Bradley, as a matter of fact. He is a self-made man. I did not know him in Jefferson County, and I do not know him in the world of business. I simply know Sam Fox as a human being. And I know what he means to me as a person, and I know what he means to my hometown of St. Louis. As a person, he is very bright, he is very energetic and warm. I would call him ebullient. And, above all, as you heard, particularly from Senator Lieberman, he is generous. As I think Senator Lieberman said, he's a soft touch. The other side of that is that after you touch him, he touches you, and you learn, after a while, that, when you get an envelope in the mail from the Harbour Group, your heart sinks, because you can't—

[Laughter.]

Senator DANFORTH [continuing]. Say no to Sam Fox. He has been involved in so many good causes in St. Louis. Washington University, which is such a stellar academic institution, the St. Louis Art Museum, the Boy Scouts, the United Way, and the list goes on and on. And, as Senator Bond pointed out, he's been recognized for what he means to our town by being named Citizen of the Year.

After Sam—after the announcement was made that Sam was—had been nominated for Ambassador to Belgium, I was speaking to my brother, Bill, about the nomination, and my brother said, "You know, this is a huge loss for St. Louis." And I said, "Well, it'll probably only last a few years," and he said, "It's a huge loss for St. Louis." I think it's a gain for our Government and our country and our relationship with Europe. But Sam really means a lot to St. Louis, and there's no doubt about that.

I'd just like to add one other point, Mr. Chairman. Sam is the nominee of a Republican President, and the Senate is no longer Republican, alas. But—so, I thought that I'd just meet head-on, you know, why would a Democratic Senate want to confirm Sam Fox, other than to get him out of the way? But I think that the reason is just the kind of person he is and what he would bring to the job of ambassador. He would bring the same energy, he would bring the same personal qualities, the same spirit of generosity, the same kindness, the same decency that are right at the heart of Sam Fox. And so, he would make an outstanding ambassador.

But I—when I was preparing my thoughts for today's meeting, I thought, well, I won't just—I won't just speak for myself. So, last Friday I spoke on the phone with the leading Democrat in our

State, my former colleague and my good friend, Tom Eagleton. And he started to dictate to me exactly what he wanted me to say about Sam. And then, with absolutely no confidence in my stenographic skill, he put it in writing, and he sent me this following quote, which he asked me to read to the committee. Tom Eagleton said, "I am enthusiastically for Sam Fox to be Ambassador. He is a generous, concerned citizen of St. Louis. He is the epitome of a humanitarian." And, as usual, Senator Eagleton puts it more eloquently than I can.

So, Mr. Chairman, thank you very much for the opportunity to support my friend before this committee.

Senator OBAMA. Thank you, Senator.

We'd like to now proceed to opening statements.

Mr. Phillips, we'd like you to begin. You can proceed with your opening statement. If you'd like to introduce the members of your family, please feel free to do so. I've had the opportunity to meet them. They seem like a wonderful family.

In the interest of time, if it's possible for you to summarize your opening testimony, that would be wonderful, because what we can then do is include your full testimony in the record. But, obviously, if you feel more comfortable reading the entirety of the testimony, you can certainly do so.

**STATEMENT OF STANLEY DAVIS PHILLIPS, NOMINEE TO BE
AMBASSADOR TO THE REPUBLIC OF ESTONIA**

Mr. PHILLIPS. Mr. Chairman, thank you very much.

Members of the committee—Senator Cardin, Senator DeMint, Senator Coleman, Senator Voinovich—I'm honored to appear before you today as President Bush's nominee to be the next Ambassador of the United States to Estonia.

I would like to express my gratitude to the President and to Secretary Rice for the confidence and trust they have placed in me. I would also like to thank Senator Dole and Senator Burr for introducing me, and very much appreciate their help and guidance.

It would be a great privilege for me to be allowed the opportunity to serve the United States. Throughout my life, I have traveled internationally, and think there is nothing more important than to learn about the world and mankind.

I began traveling internationally when I was in high school. In 1961, as a member of one of the first student exchange programs between America and the Soviet Union, I attended the University of Moscow and then, for 2 months, traveled by plane, train, and boat to some regions that have since taken their place as independent countries, such as Georgia and the Ukraine. It was an incredible experience.

I have been involved, for my entire professional life, in international commerce, for more—30 years, I promoted American business by financing accounts receivable of foreign companies by building showrooms for foreign exhibitors in High Point, North Carolina, for the international furniture market, and by manufacturing textiles in North America that were exported globally.

During the 1990s, I served as Secretary of Commerce for North Carolina for Governor Jim Hunt, and had the opportunity to establish trade and business recruitment offices and lead many trade

missions to diverse nations in Europe, Asia, and the Middle East. I also had the unique experience to meet with many different heads of state and governments, including Prime Minister Rabin of Israel, Prime Minister Murayama of Japan, President Mandela of South Africa, President Zedillo of Mexico, and even President Mugabe of Zimbabwe.

However, the most exciting international involvement of my life was chairing the World Games of the Special Olympics in 1999. One hundred and fifty countries participated, with 10,000 athletes and coaches visiting North Carolina, and more than 36,000 citizens volunteering their services over 10 days of the games.

Most recently, I was responsible for organizing and leading a trip to India with the Smithsonian National Board. We experienced an incredible country, visiting many different cities and meeting with fascinating people, such as the Dalai Lama.

These cross-cultural exchanges have taught me the vital importance of people-to-people contacts to improve mutual understanding and build trust and friendship.

Now, let me turn now to our bilateral relationship with Estonia. The United States and Estonia have already—are already true partners and close allies. President Bush's visit last November, as the first sitting American President to visit Estonia, highlighted the strength of our relationship. He and his Estonian host discussed how our nations are cooperating around the world to achieve common objectives and promote common values.

A small country of only 1.3 million people, Estonia is nonetheless a world actor with a large footprint. In just 15 years since reestablishing its independence, Estonia made a very successful transition to democracy, and its economy was the second fastest growing in Europe in 2006. It became a NATO member, and a member of the European Union in 2004, and it is now sharing its democratic experience and free-market principles with countries still in transition.

For example, Estonia is helping to train leaders, government officials, and law enforcement officers in the Ukraine, Georgia, Moldova, Armenia. Estonia has an amazing e-governance program allowing citizens and leaders to communicate and do business easily and quickly. Estonia's cabinet room has gone paperless. Ministers review documents on computers and can even vote and send comments remotely. Estonia has helped many countries understand and implement e-governance projects to improve government efficiency and transparency.

Estonia's vital contributions to peace and stability are not limited to countries in Europe. We stand side by side in Iraq and Afghanistan. In Afghanistan, Estonians are serving part of NATO's International Security Assistance Force and helping in Helmand province, a dangerous province in the south, where the Taliban is very active. Estonia has made a long-term commitment to Afghanistan, both by contributing troops and by prioritizing development assistance, including poppy eradication.

The Estonian troops in Afghanistan are serving with no national caveats, meaning that NATO commanders have full freedom to use them when and how they see fit. Estonian troops are also serving bravely in Iraq, having suffered two combat deaths and several

wounded since deploying in 2003. Estonia is committed to the effort, and recently extended its troop mandate for another year.

If confirmed, I would do my best to maintain and develop our close relationship with Estonia.

In closing, I would like to acknowledge my wife, Kay, who is going to be my partner in this endeavor, and thank her for her love and her dedication. I would also like to thank our four daughters, three of whom are with us today—Lil, Bo, and Lucy; and Kate, who now lives in London. We are filled with pride for their accomplishments and want to thank all of them for their love and support.

Thank you for granting me this opportunity to appear before you this—before this distinguished committee. And, Mr. Chairman, I'll be glad to answer any questions.

[The prepared statement of Mr. Phillips follows:]

PREPARED STATEMENT OF STANLEY DAVIS PHILLIPS, NOMINEE TO BE
AMBASSADOR TO THE REPUBLIC OF ESTONIA

Mr. Chairman, members of the committee. I am honored to appear before you today as President Bush's nominee to be the next Ambassador of the United States to Estonia. I would like to express my gratitude to the President and Secretary Rice for the confidence and trust they have placed in me. I would also like to thank my Senators—Senator Dole and Senator Burr—for introducing me, and very much appreciate their help and guidance.

It would be a great privilege for me to be allowed the opportunity to serve the United States. Throughout my life I have traveled internationally and think there is nothing more important than to learn about the world and mankind.

I began traveling internationally when I was in high school. In 1961, as a member of one of the first student exchange programs between America and the Soviet Union, I attended the University of Moscow and then for 2 months traveled by plane, train, and boat to some regions that have since taken their place as independent countries, such as Georgia and Ukraine. It was an incredible experience.

I have been involved for my entire professional life in international commerce. For more than 30 years, I promoted American business by financing accounts receivables of foreign companies, by building showrooms for foreign exhibitors in High Point, North Carolina for the International Furniture Market, and by manufacturing textiles in North America that were exported globally.

During the 1990s I served as Secretary of Commerce for North Carolina and had the opportunity to establish trade and business recruitment offices and lead many trade missions to diverse nations in Europe, Asia, and Middle East. I also had the unique experience to meet with many different heads of state and government, including Prime Minister Rabin of Israel, Prime Minister Murayama of Japan, President Mandela of South Africa, President Zedillo of Mexico, and even President Mugabe of Zimbabwe.

However, the most exciting international involvement of my life was chairing the World Games of the Special Olympics in 1999. One hundred fifty countries participated with 10,000 athletes and coaches visiting North Carolina and more than 36,000 citizens volunteering their services over the 10 days of the games.

Most recently, I was responsible for organizing and leading a trip to India for the Smithsonian National Board. We experienced an incredible country, visiting many different cities and meeting with fascinating people, such as the Dalai Lama. These cross-cultural exchanges have taught me the vital importance of people-to-people contacts to improve mutual understanding and build trust and friendship.

Let me turn, now, to our bilateral relationship with Estonia. The United States and Estonia are already true partners and close allies. President Bush's visit last November as the first sitting American President to visit Estonia highlighted the strength of our relationship. He and his Estonian hosts discussed how our nations are cooperating around the world to achieve common objectives and promote common values.

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If confirmed, I would do my best to maintain and develop our close partnership with Estonia.

In closing, I would like to acknowledge my wife, Kay, who is going to be my partner in this endeavor, and I thank her for her love and dedication. I would also like to thank our four daughters, three of whom, Lil, Bo, and Lucy, are with us today, and Kate who lives in London. We are filled with pride for their accomplishments and want to thank them for all of their love and support.

Thank you for granting me the opportunity to appear before this distinguished committee. I will be pleased to answer any questions.

Senator OBAMA. Thank you.

Mr. Fox, you can proceed with your opening statement. And, again, if you'd like to introduce your family, feel free to do so. And if you'd like to summarize your testimony, that's—would be terrific; but, otherwise, please proceed.

STATEMENT OF SAM FOX, NOMINEE TO BE AMBASSADOR TO BELGIUM

Mr. Fox. Thank you, Mr. Chairman and members of this committee.

At the outset, I'd like to express my personal appreciation to Senators Kit Bond, Claire McCaskill, Joe Lieberman, Arlen Specter, and Jack Danforth, for coming here today to speak in my behalf. I am truly honored by their remarks.

I'm also grateful to you, Senator Obama, for chairing this session today.

I will make my full statement available for the committee record, and I will summarize in as short a period as I can.

Mr. Chairman and distinguished members of this committee, it's a tremendous honor to appear before you today as President Bush's nominee to serve as the United States Ambassador to the Kingdom of Belgium. I'm grateful to the President and to Secretary of State Rice for their confidence in me, and to this committee for its consideration. If confirmed, it would be a privilege to serve as our country's representative to a valued ally in Europe.

Before I go any further, please permit me, if you will, to introduce a special team, my family, that are here with me today. First and foremost, that beautiful young lady sitting here behind me, Marilyn, my partner for more than 53 years—I might say, my managing partner, at that. And we have here—as I call their names, if you would please acknowledge yourself—I have my daughter, Cherrie, my daughter, Pamela; I have my son-in-law, Allan

Clayman; I have my son, Jeff, his wife, Lota, three children, Elizabeth, Catherine, and Cici; my son, Greg, his wife, Merle, sons, Matthew, Peter, Megan; son, Steven, his wife, Nancy, and their daughter, Sophia.

Now, I'm a little short here. We don't have the team completed, because I'm missing one son-in-law, and I'm missing at least six grandchildren. [Laughter.]

Senator OBAMA. I notice you did that without notes, though, which is very—

[Laughter.]

Senator OBAMA [continuing]. It's very impressive.

Mr. FOX. But ask me for birthdays. [Laughter.]

Senator OBAMA. All right.

Mr. FOX. Mr. Chairman, as this committee knows, our country's relations with Belgium are a vital part of our dealings with all of Europe, and increasingly with the rest of the world.

Belgium is important, not only in its own right but also as the seat of the European Union and of the NATO Alliance. If Europe were to have a capital city, I'm convinced it would most likely be Brussels.

Today, relations between Belgium and our country are robust and highly effective, and it's a tribute to the tremendous work of our most recent Ambassador, Tom Korologos, and the talents of our fine diplomatic staff there. The first responsibility of any American Ambassador in Brussels is to maintain that relationship. And, if confirmed, I would take up this assignment in the only way I know how, by working tirelessly to build on the successes of those who have come before me.

Mr. Chairman, if confirmed, high on my list of goals as Ambassador to Belgium will be, first, to ensure the safety and the welfare of all American citizens, including the employees under my care and those working and visiting in Belgium; second, to seek Belgium's closer partnership in our fight against international terrorism; third, to strengthen our partnership with the Belgian Government; fourth, to increase Belgium's support of United States positions in NATO and the European Union; fifth, to expand U.S. exports and expand business investment by both nations; and sixth, to be a good and faithful steward of the taxpayers' dollars.

I hope that the committee will find my own life and career have prepared me for these responsibilities. I bring to this position the management skills that have served me well all of my life. I feel that I've been in training for this ambassadorship for a long time. My background has taught me how to emphasize common interests above points of disagreement, how to assert one's own interests while respecting the views and the interests of the others. And, if confirmed, these are some of the skills that I would put to use as Ambassador to Belgium.

Mr. Chairman, I've also learned a few things about hard work, about team work, about running businesses, about managing organizations, and about meeting new challenges. And I'll regard this chance to serve my country as one of the greatest challenges in a life full of challenges. The assignment requires hard work and complete commitment on the part of the American Ambassador in

Brussels. You have my pledge, sir, with the confidence of this committee, with the consent of the Senate, I will give it my very best.

I want to thank all the members of this committee for your very, very kind attention. And now, Mr. Chairman, I welcome your questions.

[The prepared statement of Mr. Fox follows:]

PREPARED STATEMENT OF SAM FOX,
NOMINEE TO BE AMBASSADOR TO BELGIUM

Good afternoon, Mr. Chairman, and members of this committee.

At the outset, I would like to express my personal appreciation to Senators Kit Bond, Claire McCaskill, Joe Lieberman, Arlen Specter, and Jack Danforth for coming here today to speak on my behalf. I am honored, sir, by their remarks.

I am also grateful to you, Senator Obama, for chairing this session today.

Mr. Chairman and distinguished members of this committee, it is a tremendous honor to appear before you today as President Bush's nominee to serve as the United States Ambassador to the Kingdom of Belgium. I am grateful to the President and to Secretary of State Rice for their confidence in me, and to this committee for its consideration. If confirmed, it would be a privilege to serve as our country's representative to a valued ally in Europe.

Before I go any further, please permit me to introduce some very special people who have also joined me here today. First and foremost, the very lovely woman seated behind me is my wife, Marilyn. For the past 53 years, Marilyn has been my partner—my managing partner, I might add. If I am fortunate enough to be confirmed, Marilyn will be a gracious and dignified representative of our country to the people of the Kingdom of Belgium. I am also pleased to introduce my other family members.

Mr. Chairman, as this committee knows, our country's relations with Belgium are a vital part of our dealings with all of Europe and increasingly with the rest of the world. Belgium is important not only in its own right, but also as the seat of the European Union and the NATO Alliance. If Europe were to have a capital city, most likely it would be Brussels. Today, relations between Belgium and our country are robust and highly effective—a tribute to the tremendous work of our most recent Ambassador, Tom Korologos, and the talents of our fine diplomatic staff there. The first responsibility of any American Ambassador in Brussels is to keep them that way. If confirmed, I would take up this assignment in the only way I know how—by working tirelessly to build on the successes of those who have come before me.

Mr. Chairman, if confirmed, high on my list of goals, as Ambassador to Belgium, will be:

- First, to ensure the safety and welfare of all American citizens—including the employees under my care and those working and visiting in Belgium;
- Second, to seek Belgium's closer partnership in our fight against international terrorism;
- Third, to strengthen our partnership with the Belgian Government;
- Fourth, to increase Belgium's support of United States positions in NATO and the European Union;
- Fifth, to expand U.S. exports and expand business investment by both nations; and
- Sixth, be a good and faithful steward of the taxpayers' dollars.

Most people of my generation first came to know of Belgium and its people in the war years. And it's true that the heroic pursuits and democratic values that made us allies in those days—as well as the memory of the United States relief effort in Belgium during World War I—are still the basis of a lasting friendship. We recall how the Belgian people warmly welcomed American veterans to the 60th anniversary of the Battle of the Bulge in Bastogne in 2004. And again in 2006, when Prime Minister Verhofstadt dedicated a Battle of the Bulge memorial provided by the people of Belgium and Luxembourg at Arlington National Cemetery.

But it's much more than nostalgia that makes Belgium the close and valued partner of America today. In the post-war years, Belgium helped to build the framework for the West's lasting security as a founding member of both the European Union and NATO. Today, Belgium is working hard to bring the allies even closer together—at NATO, the European Union, and in many other settings—in defense of our freedom and human rights. Belgium backs up its talk with action—troops on the ground in Afghanistan, the Balkans, and Lebanon. In the Democratic Republic of the Congo, Belgium has also labored hard to end conflict and to build democracy.

Belgium, in short, is a force for good in the world, and as much as ever our nations are joined by great and enduring interests—by ties forged on the battlefield in pursuit of lasting peace, and in our shared commitments to global prosperity. The United States and Belgium are united against terrorist threats that recognize no boundaries. And, if confirmed, I will work to expand this cooperation to protect our country and our friends from this gravest of dangers.

In economic terms, our two nations trade at a value of more than \$30 billion a year, and we share a common interest in expanding both trade and investment. If confirmed, I will encourage Belgium to continue to improve its investment climate to attract business.

As with every other diplomatic outpost, America's Ambassador in Brussels must also be a firm advocate for the fundamental values and ideals of our country—chief among them, freedom.

I have long been in awe of the commitment made by those men and women who choose the Foreign Service as a way of life. We entrust in them the highest of honors—to serve as beacons of democracy around the world. Peace and understanding guide their noble efforts—their successes rarely make front page news.

I hope that the committee will find that my own life and career have prepared me for these responsibilities. I would bring to this position the management skills which have served me well all my life. In fact, I feel that I have been training for this ambassadorship for a long time.

My background has taught me how to emphasize common interests above points of disagreement—and how to assert one's own interests—while respecting the views and interests of others. If confirmed, these are skills I would put to full use as Ambassador to Belgium.

Mr. Chairman, I've learned a few things about hard work—about teamwork—about running businesses—about managing organizations—and about meeting new challenges. And I regard this chance to serve my country as one of the greatest challenges in a life full of challenges. The assignment requires hard work and complete commitment on the part of the American Ambassador in Brussels. And you have my pledge, sir—that with the confidence of this committee—with the consent of the Senate—I will give it my very best.

I thank all of the members of this committee for your very kind attention, and now, Mr. Chairman, I welcome your questions.

Senator OBAMA. Thank you very much, Mr. Fox.

I will start off with some questions, Mr. Phillips. Some of the issues were raised by your testimony.

And, by the way, we're going to—if it's acceptable to the members of the committee we'll do 10-minute rounds, and we'll—if people have additional questions after that, then we'll be willing to extend the time somewhat.

So, let me start with you, Mr. Phillips. You know, Estonia faces a number of challenges with its—with respect to its relationship to Russia. You know, the two countries are on different sides of whether the Soviet occupation of Estonia was illegal. The Kremlin's objected to NATO planes patrolling Baltic airspace. Recently, Estonia has expressed concerns about Russian plans to construct an undersea gas pipeline that would give Moscow greater control over Estonia's energy supplies.

So, I'm wondering if you've given thought to the relationship between Russia and Estonia. If confirmed, what actions would you take to address some of the issues that may be arising between those two countries?

Mr. PHILLIPS. Mr. Chairman, the relationship between Russia and Estonia is very sensitive and very difficult. It goes back to World War II, where the Soviet troops came in and occupied Estonia. Their version is that they liberated Estonia from Naziism, so this contentious discussion has taken place since that time. With the fall of the Soviet Union in 1991, Estonia declared their independence and that—since that time, this debate has continued as to the terminology. It has found its way into all kinds of situations,

even symbolism of the bronze statue, the debate over the border. But the energy issue seems to be the one that everybody is most concerned about, and that is, Can Estonia evolve and deal with their energy requirements? It's interesting to note that imported oil and gas is only 30 percent of their energy requirements. Estonia has enormous resources of oil shale; therefore, they are able to have—approximately 95 percent of their electrical needs are self-produced. It's intriguing that they export electricity. They have recently put a line to Finland. So, they are in very good shape from an electrical standpoint. Oil and gas, they have the strategy of building a nuclear plant in the future, with the other Baltic states and Poland. They have the opportunity of going into liquified natural-gas terminal, where they could receive that type of supply. So, they are well aware, we are well aware, that energy is a major concern in the future of Estonia. But it seems, right now, with 30 percent of their energy needs only coming from Russia itself, that they understand the necessity of diversity, but they are in pretty good shape.

Senator OBAMA. Okay, good. Just a quick follow-up on that, if we can answer this briefly. You know, obviously Estonia's Government's played an important role in consolidating democracy in eastern Europe, the transition from the cold war. And you had mentioned the work that was done on e-government. Do you see the potential for you to support Estonian initiatives in establishing more transparency, greater accountability in their government, and—do you see that as having an influence in what other countries in the region do?

Mr. PHILLIPS. Well, it's a remarkable country. It's ranked seventh in the Heritage Foundation of Freedom—the Freedom Index, higher than United States of America. Their transparency is incredible. They are truly a beacon in Europe, and maybe around the world. They have done an incredible formulating e-governance. The technology that's come out of that country is truly remarkable.

It's interesting to note that Hotmail, a major part of Microsoft's initiative, was created in Estonia. Skype, that was recently bought by eBay here in America for \$2.5 billion, was created in Estonia. So, their technology is truly remarkable, and that they have permeated their government with this type openness and transparency, and they are talking to other emerging countries in the world, and especially in central Europe, to do the same thing.

Senator OBAMA. Good. Thank you.

Mr. Fox, you mentioned your managerial skills. And I think those'll certainly come to play, in part because Belgium is the seat of not only your ambassadorship, but also missions to NATO and the European Union. So, I'm wondering, were you to be confirmed, how would you ensure that all the U.S. missions in the country coordinated their efforts to maximize their impact on foreign policy? And is this something that you've given some thought to?

Mr. FOX. Yes, thank you. Thank you, Mr. Chairman.

As you know, we have a United States mission to European Union, and we also have a United States mission to NATO. And both of those have ambassadors, Ambassador Neuland to NATO and Ambassador Gray to the European Union. Both of those missions have the primary responsibility for that—for the respective

relationships. However, I do believe that it is the responsibility of the United States mission to Belgium and the ambassador to help promote and to persuade the Belgian Government toward United States views with respect to both the European Union and to NATO. And if I am fortunate enough to be confirmed, it is my intention to have regular meetings with both of those ambassadors, because they're doing very, very important work.

And I'd go beyond that, sir. I would want to make sure that the staff of our embassy at all of their levels and in all of their departments, establish and maintain good relationships with their counterparts in those two missions.

Senator OBAMA. Good. Now, Belgium was one of the leading critics of United States policy during the run-up to the war in Iraq. I'm wondering what your assessment is of the current status of United States/Belgian cooperation on security issues. Belgium doesn't spend a lot of money on defense, is suspicious, at times, of United States military actions abroad. How would you approach those conversations with the Belgian Government?

Mr. FOX. Well, to answer the last question, "How?" I've had a lot of experience, Mr. Chairman, in negotiations and diplomacy. And we've built plants all around the world. We've maintained operations all around the world; as a matter of fact, all across Europe. So, I've had a little bit of experience with that. One of the first things you learn is, there's very little you can do until you build relationships. And it would be very important for the United States Ambassador to first understand the players in Belgium, and then go about systematically getting to understand those players and making sure that there is mutual respect that's created between the United States Ambassador and his counterpart in the Belgian Government. So, that, I think, is step one.

You ask about terrorism. I think that the Belgian Government has done a lot in counterterrorism. First of all, if you go to Antwerp, the Megaport Initiative, and also the Container Initiative, they are No. 1 in the world. They spent something like \$50 million to install the kind of equipment that will pick up weapons of mass destruction or nuclear materials. They've passed a number of laws recently that have got some real teeth in them that—and they've arrested a number of people. They've convicted a number of people. I think they're doing a good job. And I think counterterrorism is high on their agenda. There was a meeting here in Washington in November on that very subject.

Insofar as defense is concerned, as you now, they were one of the founding members of NATO. And during the cold war, they were right there with us, tremendously. They had an armed force of something like, oh, 130,000 troops. One thing that is a little disappointing today is the amount of money that they are spending on defense. NATO's guidelines would be 2 percent of gross domestic product. They presently are 1.1 to 1.3 percent. So, I think one of our goals should be to try to get them to get that budget up a bit.

Senator OBAMA. Thank you very much.

Senator DeMint.

Senator DEMINT. I want to thank you two gentlemen. And from what we hear, you're both very qualified to represent our country,

and I look forward to assisting you in any way you can—we can here.

I would like to hear both of you just talk briefly about trade and the ability of you, as ambassadors, of encouraging business relationships between our country and those countries that you will be working with. And I know both of you have extensive business experience, but, as you know—as, Mr. Fox, you just mentioned—building relationships is key. Doing business is one way, sports, like Special Olympics, another way, bring countries together so that we can work together beyond what governments do. And that helps us get through government-to-government crises. And we've certainly found that in South Carolina, doing business with BMW and Michelin. It doesn't matter how much Washington fights with France and Germany, we're doing business with them, and it doesn't bother us that much. But I'd love to hear you both talk about how you, as ambassadors, can extend trade relations in this country.

And, Mr. Fox, I'll start with you.

Mr. FOX. Well, your question has to do, as I understand it, about the ability of the ambassador to assist in trade. I'll tell you this, that Belgium is an excellent trading partner. They're only 10 million in population, but yet, they are our 12th largest market, 12th largest trading partner. They're very business-oriented. We've got 900 American companies in Belgium. And our exports to Belgium are \$20 billion. We import \$15 billion for them. We have a \$5 billion trade surplus. And, as a businessman, I would do everything that I could to try to develop trade more by working with the United States Government—United States companies in Belgium, as well as those in America, who have products that they are exporting, or could be exported, to Belgium.

They—the Belgian people are very oriented toward business, and the—they're situated in such a place that 70 percent of their—70 percent of the population of the European Union is within 300 miles of Belgium, and they've got great waterways, roads, and so forth. So, in addition to what we can do with Belgium, there's a lot that we can send through the port of Antwerp to other parts of Europe.

Senator DEMINT. Excellent.

Mr. Phillips.

Mr. PHILLIPS. Presently, there are approximately 100 American companies with a presence in Estonia. I made reference, a few minutes ago, to one that's very high profile, but the impact on Estonia was enormous, that—their creativity of Skype and \$2.5 billion of purchase power going in to Estonia. It shows you what's going on in Estonia.

They still have manufacturing, they still have agricultural as well as manufacturing. There are furniture companies. And being from North Carolina—and the furniture capital of the world is High Point—they are companies that do import furniture from Estonia. They're still in the textile business. We are aware of certain companies in North Carolina dealing with them in the textile business. This is happening all over America. So, these relationships are ones that exist, but I would like very much to nurture and bring in more relationships. I think it's very important. This is

what I did for years for the State of North Carolina all over the world, trying to bring companies, but also to export products to these countries, and that—I would like to do the same thing for Estonia.

Senator DEMINT. Excellent.

Senator OBAMA. Senator Coleman.

Senator COLEMAN. Thank you, Mr. Chairman.

We have two extraordinary nominees here. I was actually hoping that I could participate in the introduction of Sam Fox, but I couldn't find a seat at the table, so I'm—

[Laughter.]

Senator COLEMAN [continuing]. Glad to be up here.

These are two extraordinary individuals. So, I just want to thank you for your willingness to serve.

I had a meeting this morning with Tim Shriver, from Special Olympics. We did Special Olympics in St. Paul, Minnesota, where I was a mayor for 8 years. And it's extraordinary, the things, by the way, that they are doing. But your service, your business success, has done what—actually, Mr. Fox, I think his quote was that, "My life and career has prepared me well for this experience." I believe that to be true of both of you.

Senator Lieberman said that Sam Fox represents what America's all about. I would say that—I'd change that a little bit, amend it to say Sam Fox represents the best of what America is all about. Father came to Ellis Island from a shtetl in the Ukraine, with his clothes on his back, and—talk about the American success story, Horatio Alger's story, that's really what we have in front of us. And I know Mr. Fox better, but that's what he's all about. He—I had a chance—Senator McCaskill talked about family—I had a chance to be Jerusalem to have dinner with his daughter, and not just his daughter; it was the Sabbath dinner, Mr. Chairman, and there were a number of American students, young Jewish Americans who were kind of tapping into their culture, into their heritage. And it was just—it was extraordinary to be part of that. I think the daughter is a reflection of the father and of the mother and of the family that really understand what it is to give back, what it is to nurture and to grow. I think Mr. Fox adheres to what I call the "manure theory of money." If you just kind of pile it up, it doesn't smell too good, but if you spread it around, it fertilizes and it grows. And Sam has been growing a lot of things in his community, in this country.

And so, I believe the President has made some extraordinary choices, individuals whose life experience has prepared them for this moment, individuals who are learned, who understand this global economy in which we participate. So, I look forward to supporting this nomination, Mr. President—Mr. Chairman.

Thank you.

Senator OBAMA. Thank you very much.

Senator Kerry just joined us.

Senator Kerry.

Senator KERRY. Thank you, Mr. Chairman.

I'd like to welcome both our nominees, and thank you very much for appearing here with us today. I apologize for not being here the whole time, but I did hear part of the testimony in my office.

Mr. Fox, you come here with an extraordinary number of distinguished introducers, and some of them good friends of mine and people for whom I have great respect. And I have received a number of phone calls from people who vouch for your tremendous civic engagement, which is obvious for all to see. And I certainly respect the career that you have—that brings you to this position. I think I saw you had won the Horatio Alger Award at some point. And, as one of the introducers said, you really are sort of the quintessential American Horatio Alger story. So, I tip my hat to the life you have led and to the contributions you have made back to the community, which are really significant. And I can understand why St. Louis and Missouri are proud of you, and why those who have come here are proud of you.

I think you know that I have some concerns, which I will touch on a little. But I want to explore a few things, if I may.

Let me ask you a generic question about America's position in Europe, and Europe's view of us that you will be walking into if you were to go into this job. What is your sense of where American foreign policy overall is with respect to the European community? And do you face any particular challenges at this point in time that might be unique to this moment as an ambassador?

Mr. FOX. Thank you, Senator, for giving me the opportunity to address that subject.

I have several thoughts. Well, first of all, as an ambassador, you know, I represent—I would—if confirmed, I would represent the United States Government. And it's the United States Government agenda that I would be expected to carry out. Having said that, I think we have a lot of work cut out for us, particularly in Europe, and—because I think that—I think there's a lot that can be done, and should be done, to improve the image of America in Europe. And I would hope that I would be able to contribute to that.

Senator KERRY. What do you think's happened to the image of America in Europe?

Mr. FOX. Well, I don't know any more than what I read in the papers, but I think that there's a lot of concern about America, and I think the war in Iraq is not well received in Europe, particularly. And I think that has affected opinion about Americans.

Senator KERRY. Are there other issues? What would you say has been the Belgian level of concern about the war on terror itself, the way it's been prosecuted?

Mr. FOX. Well, I don't have any firsthand information on that. The only information that I have is what I have been provided by the State Department. And from what I have received from the State Department, it seems as if their war on terrorism has been very good, very cooperative. I mentioned, before you came in, earlier, Senator, that there was a very high-level meeting here, that you probably know about, in November, on counterterrorism. They've passed a number of laws internally. And there's more coming. They have really taken a very strong position in being able to find terrorist groups and prosecuting them and putting them in jail. I mentioned, also, the wonderful job that they did in Antwerp, the Megaport Initiative and the Container Initiative, which is designed to identify weapons of mass destruction and also nuclear materials and so forth.

So, what—everything I have learned from the State Department is that they're doing a very good job. But, having said that, you know, it's never enough, because we do face a real threat. Terrorism is not just a problem for America, it's a problem for the entire world.

Senator KERRY. So, you have no knowledge, outside of what the State Department's told you, about any concerns or issues that Belgians may have about the way we've prosecuted the war on terror?

Mr. FOX. Other than the newspapers, I haven't, no. I don't believe so.

Senator KERRY. Are you familiar with the SWIFT consortium, the bank consortium?

Mr. FOX. Yes.

Senator KERRY. Didn't they express concerns about privacy issues?

Mr. FOX. Yes. The—as you know, Senator, SWIFT is a private organization that is involved with the financial telecommunication of information, and they're quite large, they're extensive. They represent some 8,000 banks in 200 countries. And with counterintelligence, one of the most important things is to follow the money. And in trying to follow the money, there's a very thin line to follow. And that is, following the money without overstepping it and violating the privacy laws of European individuals, or individuals anywhere. And that has been a concern. And my understanding is that there's a number of high-level meetings taking place at this time in order to really tighten up those controls.

Senator KERRY. Is it also fair to say that there's a tension between the Belgians and us with respect to that flow of information?

Mr. FOX. I have no personal knowledge of that, sir.

Senator KERRY. Do you know of any efforts that are being made to try to harmonize United States and European data-protection standards?

Mr. FOX. I'm sorry?

Senator KERRY. Do you know of any efforts that are being made to try to harmonize European and United States data-protection standards?

Mr. FOX. Not other than the information that I received concerning the SWIFT organization and the negotiations that are taking place in that respect.

Senator KERRY. But the commission made a judgment faulting the government for, in fact, sharing information with us, correct?

Mr. FOX. I'm not sure—I'm not sure what the allegations were. I just know what the issue is. And the issue, sir, has to do with what I said before; that is, on the one hand, trying to track the money, trying to get the information that's necessary, and yet do so without violating—

Senator KERRY. Well, do you know what the state of relationship is between us and Belgium on this? Does the Bush administration dispute the assessment of the commission?

Mr. FOX. I understand from public information that under the U.S. Treasury Department's Terrorist Finance Tracking Program (TFTP), SWIFT has produced certain financial transaction records in response to lawful subpoenas served on SWIFT's U.S. operating center. European data privacy authorities have raised questions

about SWIFT's practice of maintaining global data in the United States, where it is subject to U.S. Law enforcement authorities. We certainly expect that SWIFT like any other multinational entity would follow the applicable laws in the countries in which it operates. The Treasury Department is working with the European Union and its member states to try to resolve concerns, so as to allow this important counterterrorism program to continue in a responsible way.

Senator KERRY. Do you know when the elections are going to be held in Belgium?

Mr. FOX. Well, they must be held before October of 2007, and there's speculation it may be as early as June.

Senator KERRY. What do you see as potential outcome of that election? And what is the impact of that on our relationship?

Mr. FOX. The—well, it's very difficult to say. I think, from what I have heard, most people believe that the Socialist Party in Flanders and the Liberal Party in Flanders, together with the Socialist Party in Wallonia and the Liberal Party of Wallonia, will continue to form the government. By the same token, the Christian Democracy in Flanders has become more popular, and they're middle-of-the-road, as you know. The Liberal Party is more to the right, and the Socialists are more to the left. The Christian Democracy—Democratic Party is more in the middle. And so, they could have a little bit of an impact. Insofar as the far right political party, Vlaams Belang, I—it doesn't appear as if they're going to have much traction. And, even if they do, it's my understanding that the other political parties there would not be interested in forming a government with them.

Senator KERRY. Do you believe that one outcome or another has an impact on our current ability to cooperate with respect to NATO and European Union issues?

Mr. FOX. I'm sorry, I missed your first—I'm sorry, sir.

Senator KERRY. I'll speak up. Do you believe that the outcome of that election would have an impact on our ability to pursue our interests with respect to either European Union defense issues or NATO?

Mr. FOX. I've not heard anyone express that. No, sir.

Senator KERRY. What about—

Senator OBAMA. Senator—

Senator KERRY. I'm sorry, my time is up.

Senator OBAMA. Your time is up. So, what I'd like to do is—

Senator KERRY. I'll come back.

Senator OBAMA [continuing]. Give the opportunity for Senator Coleman, if he has a second round of questions. I do not. Senator—

Senator COLEMAN. I'll—

Senator OBAMA [continuing]. Coleman—

Senator COLEMAN [continuing]. Yield to Senator Kerry, let him finish his question.

Senator OBAMA. Okay.

Senator KERRY. I'm happy to—you want to—

Senator COLEMAN. I have no questions at this time.

Senator OBAMA. Good.

Why don't we start a new round.

Senator Kerry.

Senator KERRY. Thank you, Mr. Chairman. I appreciate that.

In your view, is there a role that Belgium's royal family might be able to play in managing relations between Flemings and Walloons?

Mr. FOX. The—you know, you have a constitutional monarchy there with King Albert II, but that's mostly ceremonial. And to the best of my knowledge, they're really not involved politically and with governmental matters, other than that.

Senator KERRY. So, you would say no role with—

Mr. FOX. Well, I—

Senator KERRY [continuing]. Respect to—

Mr. FOX. I would not be aware of any role.

Senator KERRY. What about the prospect of a split between the two communities? I understand recently there was—I think it was a radio show or something that was meant to be joke, and turned out to send serious alarm bells through the community. What's your readout on that?

Mr. FOX. Right. It certainly did. Well, I think everyone's kind of amazed as to how Wallonia and Flanders can make up a country when they're so different. They're different languages. They have their own parliaments. But yet, it somehow seems to work. And Belgium—or Brussels is right in the middle of all of that.

I—from everything I've heard, there—the consensus of what I've heard is that there is not going to be a breakup. Now, could there be? You know, certainly. But I haven't heard anything that would make it appear that that sort of a breakup was on the horizon.

Senator KERRY. What is your judgment about where we are today in our leverage in Europe, relative to where we were 6 years ago? Would you say it's improved or diminished?

Mr. FOX. I don't—that's difficult to say. I would say that, as I—as earlier, the question about the feeling in Belgium toward Americans, about America, I think that that's probably true across—all across Europe. And I think we've got a lot of work to do. As a matter of fact, Karen Hughes, who is now Under Secretary of State, that's her whole job, to try to develop that. And she's come up with a number of ways to help those relationships. One is to—

Senator KERRY. I think he wants you to pull the mike a little closer, Mr. Fox.

Mr. FOX. Closer?

Senator KERRY. Yeah. Just pull the whole thing. There you go. You can even pull it closer, if you want.

Mr. FOX. Even closer than that?

Senator KERRY. Sure. I think it helps him out here.

Mr. FOX. Okay.

Senator KERRY. Thanks.

Mr. FOX. And I think Karen Hughes' position is that we need to be able to more clearly articulate American views and why, the background. She also feels that we need to try to make other countries know that terrorism is a worldwide matter, and we're all subject to it, and we're really partners. It's a problem for all of us. And she feels, I believe—and I don't want to speak for her, this is just what I've read—that we need to do a better job of articulating that.

Senator KERRY. Have you ever been to Belgium?

Mr. FOX. Oh, yes, sir.

Senator KERRY. How many—for business or—

Mr. FOX. Business and pleasure. As a matter of fact, I—in the middle 1970s, I built an operation in Ireland, in the north of Ireland, and then, in the south of Ireland, we brought a new industry there. And one of our large markets was Belgium.

Senator KERRY. This was under which banner, which company, that—

Mr. FOX. That was Synthetic Industries.

Senator KERRY. Okay. And what do you think—I mean, looking at these challenges that we've just articulated, in terms of where we stand in Europe today and, sort of, the problem of Iraq and the others issues that are extant, you obviously have a lot of community skills. And I don't question your business acumen. But you don't have government experience. Do you believe—or foreign policy experience—do you—sort of, help the committee to understand what special skills you believe you bring to the table at this point with respect to the needs of this relationship.

Mr. FOX. Yeah, well, first of all, as I said before, I've been a businessman all of my life, and it's kind of in my blood. And the—I think managing relationships is not much different than—in the government—than it is managing relationships in business, because human beings are involved, and you have to build mutual trust and understanding between individuals so that you can then communicate. The—I've had a lot of—a lot of experience teaching organizations, you know, how to think as one, how to work as a team. I've had a lot of experience in teaching organizations and people how to think strategically, how to set objectives, how to measure results. And I think I know what it takes to build character and integrity into organizations, and create a reputation for fair dealing. And I think it's the latter that is so very, very important in building a relationship with counterparts in a government.

I've had—because we—our businesses are located all around the world, and have been for a long time, I've had a fair amount of experience dealing with foreign governments and their agencies. So—well, Europe, for instance, I've made more than 100 business trips to Europe. And so, I think that that experience will help me. I certainly hope it will.

Senator KERRY. Well, that's impressive. That's a lot more than some people bring to this table. So, I think it is important.

The Belgian Prime Minister has called for the transformation of the European Union's security and defense policy into a real military force that could cooperate independently of NATO. What do you see as the principal strategic tensions between the ESDP and NATO?

Mr. FOX. Well, I had—again, as a United States Ambassador, I would be looking for this Government to come to their conclusions on that, and it would be up to me, then, to push that agenda.

Senator KERRY. So, you don't want to put forward any independent views on that, at this point.

Mr. FOX. I don't think my independent views are that important in the role of ambassador.

Senator KERRY. What about the charge that you've—have you been specifically charged with respect to that effort? Have you been briefed with respect to it?

Mr. FOX. No, sir—

Senator KERRY. Do you have an opinion?

Mr. FOX [continuing]. I have not.

Senator KERRY. No?

Mr. FOX. No.

Senator KERRY. Let me ask a few questions that go to something that I think is important, which is the question of—both a combination of citizenship and judgment, if you will, is the way I might phrase it. And I want to try to ask these questions as fairly as possible. I'm not trying to play some kind of gotcha game here, I assure you. But it's important to me, in thinking through this issue of judgment, to explore this a little bit.

I assume that you believe that the truth in public life is important.

Mr. FOX. Yes, sir.

Senator KERRY. And might I ask you what your opinion is with respect to the state of American politics, as regards the politics of personal destruction?

Mr. FOX. Senator, I am on record, more than one time—several times—being interviewed by the press, and particularly the St. Louis Post Dispatch. And I am very concerned with the amount of money that's going into politics. And I'm more concerned about the fact that politics has become mean and destructive. And when I was interviewed in 2000, I said that I was very—I was for campaign finance reform, because I felt that if less money was going into politics, it would turn the whole volume down. I want to turn the volume down. I would hope there would be less meanness and destructiveness. When 527s came along, I had the very same thing to say about them. So, I—that's the way I feel.

And, Senator, let me just say this. I'm against 527s. I've always been against 527s. I think, again, they're mean and destructive. I think they've hurt a lot of good, decent people. And, Senator Kerry, I very much respect your dedicated service to this country. I know that you were not drafted, you volunteered, you went to Vietnam, you were wounded, highly decorated. Senator, you're a hero. And there isn't anybody or anything that's going to take that away from you. But you had 527s try to. And, by the same token, on the other side of the aisle, 527s—one 527 went so far as to compare the President of the United States with Adolf Hitler. So, I am on public record as being against 527s because of all the meanness, and I'm against the amount of money that goes into political campaigns, for that reason, the same reason—not once or twice, but three or four times. And I would just—I wish that Congress could find a way to either ban 527s or at least regulate them.

Senator OBAMA. Senator Kerry, I just want to point out, we've gone through another 10-minute round.

Senator KERRY. Yeah.

Senator OBAMA. I'm sure that you want to continue this line of questioning. I don't have any more questions. I feel obliged to make sure that Senator Coleman—

Senator COLEMAN. Let Senator Kerry—

Senator OBAMA. Okay.

Senator KERRY. If I could—

Senator OBAMA. Let's just—

Senator KERRY. Thanks. I apologize to my colleagues.

Senator OBAMA. Thanks. Go ahead.

Senator KERRY. I just want to explore this a little bit.

I certainly appreciate the comments you just made, Mr. Fox. And I'm not looking for anybody to call me a hero. I think most of the heroes died, and do die. And those of us who are lucky enough get out of here are lucky.

But notwithstanding the comments you made, you did see fit to contribute a very significant amount of money in October to a group called Swift Boat Veterans for Truth, correct?

Mr. FOX. Correct.

Senator KERRY. Why would you do that, given what you just said about how bad they are?

Mr. FOX. Well, Senator, I have to put it into the proper context, and bear with me.

Marilyn and I have lived the American dream. There is no question about it. My father came here with the clothes on his back, and the Fox family and the Widman family have truly lived this—the American dream, and it's been very, very good to us.

I heard a couple of—mention here that we gave to 150 charities. I actually went back and had my staff count. In 2005–2006, we made more than 1,000 contributions. More than 100 of those were political, 900-and-some-odd were charitable and to institutions and—of learning and so forth. A great deal of those had to do with basic human needs. I think it was Senator Danforth mentioned, every time he got a letter that had Harbour Group on it, that he shuddered, because it was going to cost him money. Marilyn and I both raise a lot of money for a lot of people.

The point I'm making is this. We ask a lot of people for money, and people ask us for money. And, very fortunately, we've been blessed with being successfully financially. And when we're asked, we generally give, particularly, you know, if we know who gave it.

Senator KERRY. Who asked you to give to the SBVT?

Mr. FOX. I can't tell you specifically who did, because I—you know, I don't remember. I—as a matter of fact, if I—

Senator KERRY. You have no recollection of why you gave away \$50,000?

Mr. FOX. I gave away \$50,000 because I was asked to.

Senator KERRY. But you have no recollection of who asked you to give away \$50,000?

Mr. FOX. No. No, sir. I've given away sums much larger than that to a lot of other places, and I can't tell you specifically who asked me, no.

Senator KERRY. Well, you don't think that it's important, as a citizen who doesn't like 527s, to know where your money is going and how it's going to be spent?

Mr. FOX. Well, I think, with most contributors—and, as a matter of fact, you know, if you go to other side of the political campaign, and we give to individual candidates, we don't know how they're going to use that money and how it's—you know, we don't—

Senator KERRY. Well, at least it's accountable to an individual candidate for whom people have to vote or not vote. As you said, 527 is mean and ugly and not accountable.

Mr. FOX. I agree with that. I absolutely agree with that. And I—

Senator KERRY. So, why would you give—

Mr. FOX [continuing]. Accountability would put it—

Senator KERRY [continuing]. \$50,000 to a group that you have no sense of accountability for?

Mr. FOX. Well, because if 527s were banned, then it's banned for both parties. And so long as they're not banned—

Senator KERRY. So, two wrongs make a right?

Mr. FOX. Well, I don't know. But if one side is contributing, the other side ought to—

Senator KERRY. But is that your judgment? Is that your—

Mr. FOX. I'm sorry?

Senator KERRY [continuing]. Judgment that you would bring to the ambassadorship, that two wrongs make a right?

Mr. FOX. No, I didn't say that two wrongs made a right, sir.

Senator KERRY. Well, why would you do it, then?

Mr. FOX. Well, I did it, because politically it's necessary if the other side's doing it.

Senator KERRY. Well, let me ask—did you ever see, on August 20, 2004, a St. Louis Dispatch editorial wrote the following, "The smear campaign was funded and orchestrated by a coterie of Texans with strong ties to the Bush family and the President's political director, Karl Rove. The President should disown the ads and tell his friends that he wants them to stop. Mr. Bush can't wash his hands of the Swift Boat Veterans smear because of his close personal connections with the principals. The Swift Boat Veterans on Mr. Kerry's boat, including the man he pulled from the river, support Mr. Kerry's version of events. So to the records documenting the medals Mr. Kerry received. The attack ads, by contrast, are riddled with inconsistencies. For example"—and it goes on.

That was in your own newspaper in your hometown. But, a month later, you, nevertheless, contribute to that very group that is smearing and spreading lies.

Mr. FOX. Yes, sir. All of the 527s were smearing lies and—

Senator KERRY. So, you see no responsibility, as an individual citizen, to try to guarantee that you're not going to support that kind of politics of personal destruction.

Mr. FOX. I think if one side is giving to, the other side almost has to. And I think that the real responsibility should rest with the Congress to either ban 527s or to, certainly, curtail and regulate them. That's the problem.

Senator KERRY. So, you do believe "anything goes" in a political campaign.

Mr. FOX. I'm sorry?

Senator KERRY. You do believe that "anything goes" in a political campaign.

Mr. FOX. No, sir, I don't—in fact, I do not involve—

Senator KERRY. Well, if you don't believe it, why would you not—

Mr. FOX. No—

Senator KERRY [continuing]. Not fund it?

Mr. FOX. I'm sorry, sir. I have never gotten involved on the campaign side. I'd raise money, I'd contribute money. I've never gotten involved on the campaign side, and I've never gotten involved in the 527 side of looking at script or any of that.

Senator KERRY. Well, let me ask you, as a matter of judgment, as a citizen, don't you think individuals ought to take some responsibility for making sure they know what they're giving money to?

Mr. FOX. Mr. Senator, when we ask lots of people for lots of money—and we're asked by people for lots of money—we just generally give. I mean, we know generally what it's used for, but that's it.

Senator KERRY. And you don't know who asked you.

Mr. FOX. No, sir, I really don't. I do not know who asked me. I couldn't—if the—if you were to take our thousand contributions and go right down the list, I'd bet you I couldn't give you 5 percent of them—of who asked me.

Senator KERRY. Do you recall whether it was somebody in Missouri or somebody—was it in person? Was it a—by telephone?

Mr. FOX. I have no recollection.

Senator KERRY. No recollection of how that came about.

Mr. FOX. No, sir.

Senator KERRY. Do you recall thinking about it at all?

Mr. FOX. No more than that somebody must have asked, and I gave.

Senator KERRY. Well, no wonder so many people are here to embrace your—what about now? How do you feel about it now, knowing what you know today?

Mr. FOX. Mr. Senator, let me say this. Be it 527 or anything else, if I thought what they were printing was not true, I would not contribute to it. But I personally have no way of knowing, generally, when I give.

Senator KERRY. Well, let me ask you about that. On August 5, 2004, John McCain called the SBVT, quote, "completely nauseating, dishonest, and dishonorable." McCain pointed out it was "the same kind of deal that was pulled on me" when he ran against Bush in 2000.

On August 15, John Warner, Republican chairman of the Armed Services Committee and former Navy Secretary, said, quote, "I can speak to the process, that we did extraordinary careful checking on that type of medal, a very high one, when it goes through the Secretary, so I'd stand by the process that awarded Kerry that medal, and I think we'd best acknowledge that his heroism did gain that recognition. I feel he deserved it." He was then, incidently, in the Navy. He signed my award.

August 8, 2004, General Tommy Franks called the smear boat attacks, quote, "vitriolic and hyperbole."

On August 7, 2004, Mike Johanns, Republican Governor of Nebraska, says the ads were trash.

Now, these are Republican leaders. These are the leaders of your own party. President Bush said that he thought that my service was honorable and they shouldn't be questioning it. Yet, even when your own candidate does that, you saw fit to put \$50,000 on the line to continue the smear.

My question to you is, Why? When you say you couldn't have known, these were people very publicly condemning it. How could you not have known?

Mr. FOX. I just—Mr. Senator, when I'm asked, I just generally give.

Senator KERRY. So, again, I ask you the question, Do you think, now, that you and others bear a responsibility for thinking about where we put money in American politics and what we're saying, what we present to the American people. Is truth important, or isn't it?

Mr. FOX. Senator, if I had reason to believe, and if I were convinced, that the money was going to be used to—in any untruthful or false way, knowingly, I would not give.

Senator KERRY. Well, sir, let me ask you this question. Did you or did you not in any of the public comments being made at the time, which I assume you're following, hear or read of any of the public statements at that point in time with respect to the legitimacy of these charges and these smears?

Mr. FOX. Mr. Senator, I can say this.

Senator KERRY. I mean, did you miss this? In September of 2004, the Vice Admiral Route, the Navy inspector general, wrote a memo to the Secretary of the Navy that was made public—New York Times, Washington Post, every major newspaper of the country carried—saying their examination found the existing documentation regarding my medals was legitimate.

Mr. FOX. Yeah.

Senator KERRY. Did you miss that, too?

Mr. FOX. I don't remember those. But I'm certain, at the time, that I must have read them.

Senator KERRY. Do think this should matter to me?

Mr. FOX. I'm sorry?

Senator KERRY. Do you think this should matter to me?

Mr. FOX. Yes, I do. I do.

Senator KERRY. Do you think it should matter to everybody here, who's a Senator?

Mr. FOX. Absolutely. And, as a matter of fact, going back to the time that—when I said I was on record, when I was interviewed a number of times about campaign finance reform and about less money going in, I said one of the reasons—one of the big reasons was not just the nastiness and so forth associated with it, but the abuse that candidates had to take to run for public office. I think it's disgraceful. I think it's terrible. But that's the world we live in. That's what it's come to. It's unfortunate. I don't know of a campaign—a political campaign or a 527 that's ever had anything but that as part of it. And I think it's terrible. I do. I wish there was some way it could be changed. And I think the best way to change it is to restrict the amount of money that can go into campaigns, and to restrict the amount of money that can go into 527s, and regulate both of them even more.

Senator KERRY. Well, we've been trying to do that for the 22 years I've been here. And one of the most effective ways to do it would be for people like yourself and others who write the checks to know what they're giving to, and to care about it.

So, you know, there's a question here, obviously, of judgment. I'm not going to try and be unreasonable about it. I'm not trying to—you know, sometimes you go to these hearings, and Senators rant and rave and scream. And I'm not a screamer. But I do think this is important. And I know your family is here. I'm sure they're sitting there saying, "Why are they giving my dad a hard time right now?" And I understand that. I'm sympathetic to it. But I hope you know, it's not going to make a difference in the outcome where I am, but it's important to the future. I think it is robbing this country of legitimate dialog, of real discussion of important issues that we face. And, you know, it's a tragedy that the American people have to put up with that. The last week, alone, in the State of Ohio, \$4 million was spent on those ads. Four million dollars.

So, it has profound impact, sir.

Mr. FOX. Yeah.

Senator KERRY. And I think it's a question of judgment, a question of whether we are fighting the status quo or whether we're part of the status quo. So, I'm not sure where this goes with respect to this, but I certainly thought it deserved to be properly vetted.

And, Mr. Chairman, I appreciate your indulgence, and that of my colleague.

Senator OBAMA. Senator Coleman—

Senator COLEMAN. Thank—

Senator OBAMA [continuing]. You'd like a couple of minutes?

Senator COLEMAN. Just a couple of minutes, Chairman. I just want to note to my colleague from Massachusetts, this should matter to all of us. And it's not just a personal thing with Senator Kerry, but it's ugly out there, and we—I would hope we'd figure out a way to deal with it, because it's hurtful and it's destructive. So, I think it should matter to us.

My concern, as we sit here today, is that I think it would be a terrible shame if we were to disqualify folks from service because they contributed. I presume, at some point in time, there'll be a Democrat President, and, unless we change this, we'll have folks of also great generosity and great accomplishment and great experience who can add much to—in their service to their country, who probably have contributed to similar 527s on the other side. And I hope that—first, I hope that we fix it. If we can't fix it, then we look at those individuals and their life experience and what they've done and what they've built, and then we judge them on that. But clearly, this should matter to all of us.

I just have one question for you, Mr. Fox. Did you have anything to do with the messaging of—any involvement in the messaging of the Swift Boat ads?

Mr. FOX. No, absolutely none. As a matter of fact, the other side—political campaigns—no, I've never gotten involved in the campaign part at all. Only giving money or raising money.

Senator COLEMAN. Again, I could imagine a time when we have nominees from the other party who have also been very generous and contribute a range of things, and I would hope that we'd be able to judge them on their life experience, on what they've built and what they have contributed. And I do think we have before us two outstanding nominees here.

So, thank you, Mr. Chairman.

Senator OBAMA. Thank you, Mr. Coleman.

Let me just take my prerogative as chairman of this subcommittee to just make a comment. I think Senator Coleman is right that we get a lot of ambassadorial nominees before us who have made political contributions. And political campaigns are ugly, and we don't expect every single person who's made a contribution to be held accountable for everything that's said in the course of a campaign.

I have to note that the Swift Boat ads were of a different degree, even in the ugly arena of politics. They were extraordinarily well publicized, that there was essentially a fraud being perpetrated on the American people. It had a profound impact on the election. And I have to say, you know, sitting here, Mr. Fox, I found your statement somewhat unsatisfying, to say that you gave because it's ugly out there and people—somebody asked you to give. I mean, it sounds to me like you were aware that this was not the best of political practices, and you thought it was okay to go ahead and contribute to them. And, you know, I just would like to make a personal note of the fact that—you know, politics is a rough business, and I think we understand that. And no side is pure in this process. There was something particularly insidious and destructive about these ads. By the time you contributed, it was pretty widely noted—it would have been hard for you to miss the fact that there was something particularly nasty and insidious about these ads. It had been well publicized at this point. It strikes me that—I don't think you necessarily crafted the message, but you certainly knew, at that point, what the message was. And, you know, I think it's important for all of us in public life to take note of that and to examine our hearts and to think about what lessons we draw from that.

I would have preferred you saying, you know, "In retrospect, looking back, contributing to this—the Swift Boat campaign was a mistake, and I wish I hadn't done it." That would have been, I guess, the message I would have preferred to hear. I—obviously, I'm not responsible for your statements. But I think it's worthwhile to reflect on that, particularly should you get confirmed to an ambassadorship, because part of our task is, I hope, in the war on terrorism and in our efforts to secure this Nation—part of that task is to project our ideals and our values. And I can say, knowing a lot of people overseas, that those Swift Boat ads did nothing to enhance the world's view of American politics. And, you know, the—I think it's important for all of us to be mindful that when we're given these positions of responsibility, that we're carrying forward not just our own reputations, but also the reputations of the people that we hope to serve.

So, I'd like to thank the witnesses for testifying today. I thank their patience. I thank the families' forbearance. You know, these are always fun, sometimes, but also can be lengthy. I appreciate both of you gentlemen's willingness to serve this country and to present yourselves for these positions.

The record will remain open for 1 day so that the committee members may submit additional questions to the nominees. I ask that the nominees respond expeditiously if any questions are pre-

sented to you. I'm sure that the State Department would provide you assistance in responding to those questions.

If nobody has any additional comments, the hearing is adjourned.
[Whereupon, at 4:30 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF SAM FOX TO QUESTIONS SUBMITTED
BY SENATOR JOHN F. KERRY

Question. Who asked you to become a member of the Bush Rangers for the 2004 presidential campaign?

Answer. No one asked me to become a member. I became a member of my own volition.

Question. Please identify any individual or organization who contacted you, or whom you contacted, with respect to making a donation to Swift Boat Veterans for Truth.

Answer. I don't recall.

Question. Please describe any and all conversations, meetings, or communications regarding the Swift Boat Veterans for Truth that you had with any of the following individuals: Karl Rove, Ken Mehlman, or any official or consultant of Bush-Cheney 2004 and/or the Republican National Committee; John O'Neill; Ann Wagner; and William Franke.

Answer. I don't know a John O'Neill nor a William Franke. Insofar as any of the others, to the best of my recollection I have never had any conversations, meetings, or communications with any of the listed individuals or organizations regarding Swift Boat.

Question. Did you receive any acknowledgement or thank you for your contribution to the Swift Boat Veterans for Truth? If so, from whom?

Answer. To the best of my knowledge I have never received any acknowledgement or thank you for my contribution to the Swift Boat Veterans for Truth.

Question. Do you have any evidence that any of the allegations made by the Swift Boat Veterans for Truth about Senator John Kerry are true? If so, please provide that evidence to the committee.

Answer. I have no personal knowledge or evidence as to the accuracy of the claims made in the Swift Boat ads. As I testified at the hearing, I did not make an attempt to verify the factual basis of the ads at the time I was solicited for my contribution. As I further testified, my wife and I made over a thousand charitable and political contributions in a 2-year period and it's simply impractical for me to do any significant due diligence on that many contributions.

RESPONSES OF SAM FOX TO ADDITIONAL QUESTIONS SUBMITTED
BY SENATOR JOHN F. KERRY

Question. You testified that you do not recall who asked you to contribute to Swift Boat Veterans for Truth (SBVT). At the time of your donation, what was your understanding as to what your money would be used for? What did you understand SBVT's purpose at that time to be?

Answer. I assumed that my contribution would be used for the SBVT's general purposes, including administrative expenses, fundraising, advertising, but did not have any understanding whatever as to how my contribution would be spent.

Question. At the time of your donation, did you know, for example, that SBVT would be airing TV ads? Did you know that these would attack Senator Kerry?

Answer. I was aware that SBVT aired TV ads and that the content of such ads dealt with Senator Kerry.

Question. You indicated that 527's were supporting "parties" on both sides. What did you mean by this? At the time of your donation, what relationship did you understand SBVT to have had with the RNC, the Bush campaign, or any other Republican party, officeholder, or candidate?

Answer. I meant that I believed that there were 527's that were supporting and opposing the candidates of both the Democratic and Republican parties. At the time of my donation, I did not understand SBVT to have any relationship with the RNC, the Bush campaign, or any other Republican party, officeholder, or candidate, and believed it to be an independent organization operating under section 527.

Question. At the time of your donation to SBVT, what was your understanding as to the purpose of 527 organizations? What was your understanding as to their legality and the place they fit within the campaign finance system?

Answer. At the time of my donation to SBVT, I had a general understanding that 527 organizations legally existed as issue advocates that were permitted to solicit funds for that purpose. I had a general understanding that 527 organizations were separate and distinct from political parties and candidate campaign committees.

Question. At the time of your donation, did you understand that SBVT would use your funds in connection with a particular election? For example, did you understand that it would use your funds to influence the 2004 Presidential election? If not, what did you understand the purpose of the organization to be?

Answer. I had no understanding as to SBVT's use of my donation. I assumed that SBVT's purposes were to do what it could to publicize the issues that it had been pursuing.

Question. Have you ever been contacted, formally or informally, by the Federal Election Commission regarding your donation to SVBT or for any other purpose?

Answer. No.

Question. After the election, were you contacted by counsel or other representatives of SVBT or the Bush campaign regarding your donation to SBVT or any other 527 organization that you may have contributed to?

Answer. No.

With respect to Question 5 of the prior list of Questions for the Record, submitted on March 2, 2007, to wit:

Question. Did you receive any acknowledgement or thank you for your contributions to the Swift Boat Veterans for Truth? If so, from whom?

Answer. After my assistant checked my records, we found the attached acknowledgement of my contribution.

[The information referred to follows.]

SWIFT BOAT VETERANS FOR TRUTH,
Alexandria, VA, November 2, 2004.

Mr. Sam Fox
Clayton, MI.

DEAR MR. FOX: Thank you very much for your recent contribution in the amount of \$50,000.00 to the Swift Boat Veterans for Truth. The only way we can get the truth out about John Kerry is with the help of Americans such as you.

We are proud to have you with us.

Very truly yours,

WEYMOUTH D. SYMMES,
Treasurer.

