

**Statement of
Thomas R. Nides, Deputy Secretary of State-Designate for Management
and Resources
Senate Foreign Relations Committee
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Mr. Chairman, Senator Lugar, Members of the Committee: It is a privilege to appear before you today.

I want to thank Senator Lieberman for coming to speak on my behalf.

It is an honor to be asked to serve this country as Deputy Secretary of State for Management and Resources, and I thank President Obama and Secretary Clinton for their confidence in me. I am also grateful to share this day with my wife, Virginia; my son, Max; and my daughter, Taylor.

I come here today against the advice of a friend who warned me that it is never wise to follow a legend. It is an honor to be asked to build on Jack Lew's extraordinary contributions. As important, I feel fortunate that, if confirmed, I will have a strong partner in Deputy Secretary of State Jim Steinberg.

As someone who started his career on Capitol Hill, I have a deep respect for the Constitutional prerogatives of this institution. In my years as a staffer to House Majority Whip Tony Coelho and then to House Speaker Tom Foley, I learned what it means to make tough choices under tight budgetary constraints. I know Congress' critical role in shaping, funding and overseeing our foreign policy because I took part in it. Later, as Chief of Staff to the US Trade Representative Mickey Kantor, I worked through overseas diplomacy to create economic opportunities here at home.

Outside of government, I have managed three large, complex organizations as a Chief Administrative Officer, Chief Operating Officer and Chief Executive Officer. I have overseen tens of thousands of employees at companies with global operations, global competition and global reach. I have worked to ensure that the right people are in the right place at the right time, with the skills, tools and direction they need to deliver results. One of the most intriguing parts of the position for which I have been nominated is the chance to do the same for an impressive group of public servants. The

Foreign and Civil Service employees of State and USAID are the backbone of America's presence around the world.

President Obama and Secretary Clinton have laid out an ambitious agenda for American leadership in an increasingly interconnected world. At the heart of their vision is a commitment to elevate diplomacy and development alongside defense as pillars of our foreign policy. Whether the challenge at hand is our ongoing mission in Afghanistan, the fight to address global hunger and disease, or a natural disaster in Haiti, our success depends on strong and capable civilian institutions.

To be sure, we have made significant progress in a very short time. The first Deputy Secretary of State for Management and Resources brought a new level of attention to planning and executing programs. The State Department and USAID have launched the first-ever comprehensive review process of our diplomacy and development, the Quadrennial Diplomacy and Development Review. And, as both organizations ramp up critically needed staffing, they are rapidly increasing their capacity to respond in some of the most challenging environments.

Still, the effort to elevate civilian power as a core element of our foreign policy remains a work in progress. This will require a sustained commitment over many years. Continuing to make progress is a priority for President Obama and Secretary Clinton. And, if I am confirmed, it will be a priority for me as well.

This job comes with a broad mandate, which led my predecessor to testify before Congress on topics as diverse as Afghanistan, global health and the international affairs budget. Once the position of Deputy Secretary for Management and Resources was filled, people quickly came to see that almost every resource question has a policy dimension and vice versa.

My conversations with Secretary Clinton, Deputy Secretaries Lew and Steinberg, USAID Administrator Shah, senior Defense officials, both uniformed and civilian, and many others have pointed me toward three priorities that will guide my efforts if I have the honor of being confirmed: first, to continue to build a more operational and expeditionary State Department; second, to improve our unity of effort in meeting complex

challenges; and third, to implement an agenda of reform, transparency and accountability.

First, to respond to today's conflicts and enhance the stability that will prevent tomorrow's, we need a more operational State Department equipped to contribute on the frontlines of our foreign policy. In recent years, the greatest growth in the State Department's budget has come from taking on greater operational responsibilities in meeting a few exceptional challenges: in particular, Afghanistan, Pakistan and Iraq.

In Afghanistan, tripling our civilian presence and expanding our assistance budget has given Ambassador Eikenberry and General Petraeus the civilian resources necessary to execute our counterinsurgency strategy. As the military secures areas, the State Department and USAID are implementing projects to improve civilian governance, bring stability, and spur development. Increasingly, civilians are out in the field performing tasks ranging from mentoring government officials to supporting Afghan farmers. If confirmed, I will continue my predecessor's operational focus. I will work to ensure that our embassy receives the policy guidance and support it needs—including in the areas of personnel and resources—to make our military gains sustainable. I will also seek to maintain and build on the strong civil-military partnership developed in recent years between the Departments of State and Defense.

In Pakistan, the Administration has worked to build habits of cooperation that are sustainable. To that end, Chairman Kerry, Senator Lugar, the Senate Foreign Relations Committee and your House counterparts have played a crucial role in shaping a strategy that is grounded in support for Pakistan's civilian government as it works to meet the needs of the Pakistani people. This includes everything from programs to foster long-term stability and growth to immediate help after the recent devastating floods.

In Iraq, civilians are taking on new responsibilities, including training police and developing Iraq's criminal justice sector. I have spoken at length with Ambassador Jeffrey about the challenges this new mission will pose for the Department. Our effort in Iraq, where the Administration has emphasized the importance of civilian power, also argues for an integrated national security approach. And if confirmed, I look forward to working

with Congress to fully fund these efforts to build a strong strategic partnership in the heart of the Middle East.

The need for a more expeditionary State Department extends far beyond Afghanistan, Pakistan, and Iraq. For example, when our government mobilized resources to help the people of Haiti, we saw how crucial an operational State Department and USAID can be in response to crisis. And in Sudan, the Obama Administration has dispatched a team of diplomats – including members of the civilian crisis response team that Senator Lugar helped to create – to be present on the ground as Southern Sudan enters a critical period.

My second priority, if confirmed, will be to better align efforts within the State Department and USAID, and across government. The foreign policy issues confronting government are increasingly complex and crosscutting. We need to build a budget that aligns scarce resources with our highest priorities and finds efficiencies across bureaus and agencies working in the same areas.

For example, the Administration has made strategic long-term investments to address the root causes of hunger and poverty by increasing agricultural productivity in Africa, Southeast Asia, and Latin America. This initiative, as well as the Administration's global health and climate initiatives, will require coordination across government. And to use all elements of civilian power as effectively as possible, State and USAID must look holistically at how our people and platforms can best support their programs.

A conversation I recently had with U.S. Ambassador to Mexico Carlos Pascual underlined the challenge. As Ambassador, he is in charge of civilians from thirty-six different federal agencies and entities, with expertise ranging from health system strengthening to trade to law enforcement.

We have seen that the Deputy Secretary for Management and Resources offers a convening point to galvanize and steer whole-of-government efforts – whether the task at hand is ensuring that the Centers for Disease Control, National Institutes of Health, USAID and the Secretary's Global AIDS coordinator come together around a common

global health strategy or working with the Department of Defense and the Department of Justice on Iraq transition planning. These cases show the value of looking at policy and resource decisions holistically.

A third priority, if confirmed, will be to engage in an ongoing process of results-oriented reform. I recognize that, in this budget environment, State and USAID will have to make the case for their programs to Congress and the American people. If confirmed, I will help the Secretary make the strongest argument for the resources that State and USAID need. But I will also continue my predecessor's efforts to drive hard choices and cease lower-priority programs and activities that cannot be justified in this economic and fiscal climate.

As the Department releases and implements the Quadrennial Diplomacy and Development Review, it is not enough to measure or study what works and what doesn't. As some of you heard from Secretary Clinton this morning, the Department must hold itself accountable and translate good ideas into institutional change that is not just anecdotal but systemic. If confirmed, I will play a key role in implementing the QDDR's findings. I look forward to working closely with you.

Especially in difficult economic times, smart investments in development and diplomacy today can save enormous strategic, fiscal and even human costs tomorrow.

Building our civilian power also represents an investment in a remarkable group of people, including many I have met in preparing to take on this new assignment. Every year, thousands of diplomats and development officers endure significant hardship and make heroic sacrifices while serving thousands of miles from home – all to serve the American people and preserve our leadership in the world. If confirmed, it will be an honor to champion them day in and day out, to do all that I can to keep them safe, and to help them succeed.

I am humbled by the task ahead, but Secretary Clinton's commitment to the mission gives me confidence. I thank you for your time and look forward to your questions.