

**SECRETARY OF STATE HILLARY RODHAM CLINTON
CONGRESSIONAL TESTIMONY
SENATE FOREIGN RELATIONS COMMITTEE
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Chairman Kerry, Senator Lugar, and Members of the Committee, it is a pleasure to be with you today. When I was last here to discuss our budget, I emphasized my commitment to elevating diplomacy and development as core pillars of American power. Since then, I have been heartened by the bipartisan support of this committee and the rest of Congress. Let me take this opportunity to thank you, on behalf of the men and women who work every day around the world to put our foreign policy into action.

The budget we are presenting today is designed to protect America and Americans and to advance our interests. Our fiscal year 2011 request for the State Department and USAID totals \$52.8 billion – a \$4.9 billion increase over 2010. Of that increase, \$3.6 billion will go to supporting efforts in “frontline states” – Afghanistan, Pakistan, and Iraq. Other funding will grow by \$1.3 billion, a 2.7 percent increase that will help address global challenges, strengthen partnerships, and ensure that the State Department and USAID are equipped with the right people and resources.

Over the past six weeks in Haiti, we have been reminded yet again of the importance of American leadership. I’m proud of what our country has done, and we continue to work with our Haitian and international partners to address ongoing suffering and transition from relief to recovery.

This is a time of great economic strain for many Americans. As a former Senator, I know what this means for the people you represent. For every dollar we spend, we have to show results. That is why this budget must support programs vital to our national security, our national interests, and our leadership in the world, while guarding against waste. I believe it achieves those objectives.

OUR PRIORITIES

These figures are more than numbers on a page. They tell the story of challenges we face and the resources we need to overcome them.

We are fighting two wars that call on the skill and sacrifice of our civilians as well as our troops. We have pursued a dual-track approach to Iran that has exposed its refusal to live up to its responsibilities and helped us achieve a new unity with our international partners. Iran has left the international community little choice but to impose greater costs for its provocative steps. We are now working actively with our partners to prepare and implement new measures to pressure Iran to change its course.

We have also achieved unprecedented unity in our response to North Korea's provocative actions, even as we leave the door open for a restart of Six-Party Talks. And we are moving closer to a fresh nuclear agreement with Russia – one that advances our security while furthering President Obama's long-term vision of a world without nuclear weapons.

With China, we are seeking areas of common purpose while standing firm where we differ. We are making concrete our new beginning with the Muslim world. We are strengthening partnerships with allies in Europe and Asia, with friends in our hemisphere, and with countries around the world, from India to Indonesia to South Africa, Brazil, and Turkey. And we are working to end the impasse between Israelis and Palestinians.

At the same time, we are developing a new architecture of cooperation to meet global challenges like climate change and the use of our planet's oceans. With regard to the latter, I want to reiterate my support for U.S. accession to the Convention on the Law of the Sea. Our country stands to gain immensely from the treaty – in terms of economic and resource rights, in terms of environmental interests, in terms of national security.

In so many instances, our national interest and the common interest converge, and so from our own hemisphere to Africa, Asia, and the Middle East, we are promoting human rights, the rule of law, democracy, and Internet freedom; we are fighting poverty, hunger, and disease; and we are working to ensure that economic growth is broadly shared.

Our agenda is ambitious because our times demand it. America is called to lead – and we need the tools and resources to exercise our leadership wisely and effectively. We can bury our heads in the sand and pay the consequences later, or we can make hard-nosed, targeted investments now – addressing the security challenges of today while building a foundation for security and prosperity in the future.

Let me now highlight the three areas where we are making significant new investments.

INVESTING IN SECURITY

First, the security of frontline states.

In Afghanistan, we have tripled the number of civilians on the ground, and this presence will grow by hundreds more with the \$5 billion in this budget. Our diplomats and development experts are helping build institutions, expand economic opportunities, and provide meaningful alternatives for insurgents ready to renounce violence and join their fellow Afghans in the pursuit of peace.

In Pakistan, our request includes \$3.2 billion to combat extremism, promote economic development, strengthen democratic institutions, and build a long-term relationship with the Pakistani people. This includes funding of the Kerry-Lugar-Berman initiative, and I want to thank you, Mr. Chairman and Senator Lugar, for your leadership on this

legislation. Our request also includes a 59 percent increase in funding for Yemen, to help counter the extremist threat and build institutions and economic opportunity.

In Iraq, we are winding down our military presence and establishing a more normal civilian mission. Our civilian efforts will not and cannot mirror the scale of our military presence, but rather provide assistance consistent with the priorities of the Iraqi government. Our request includes \$2.6 billion for Iraq – resources that will allow us to support the democratic process and ensure a smooth transition to civilian-led security training and operational support. As these funds allow civilians to take full responsibility for programs, the Defense budget for Iraq will be decreasing by about \$16 billion – a powerful illustration of the return on civilian investment.

We are blessed with the best troops in the world, as we have seen time and again in today's wars. But we also need to give our civilian experts the resources to do civilian jobs. This budget takes a step in that direction. It includes \$100 million for a State Department complex crises fund – replacing the 1207 fund through which the Defense Department directed money toward crisis response. And it includes support for the Pakistan Counterinsurgency Capability Fund, which previously fell under the Defense Department as well.

INVESTING IN DEVELOPMENT

The second major area is investing in development. This budget makes targeted investments in fragile societies – which, in our interconnected world, bear heavily on our own security and prosperity. These investments are a key part of our effort to get ahead of crises rather than just responding to them, positioning us to deal effectively with the threats and challenges that lie ahead.

The first of these investments is in health. Building on our progress treating HIV, malaria, and tuberculosis, our Global Health Initiative will invest \$63 billion over six years, starting with \$8.5 billion in FY11, to help our partners address specific diseases and build strong, sustainable health systems as they do so.

The Administration has also pledged to invest at least \$3.5 billion in food security over three years, and this year's request includes \$1.6 billion, of which \$1.2 billion is funded through the State Department. This funding will focus on countries that have developed effective, comprehensive strategies, where agriculture is central to prosperity and hunger remains widespread.

On climate change, our request of \$646 million seeks to promote the United States as a leader in green technology and to leverage other countries' cooperation – including through the Copenhagen Accord, which for the first time brings developed and developing countries together on this challenge. This is part of the Administration's total request of \$1.4 billion to support core climate-change activities in developing nations.

Our request also includes \$4.2 billion for humanitarian assistance programs. Our efforts in Haiti have made clear that State and USAID must be able to respond quickly and effectively to human tragedies.

These initiatives are designed to enhance American security, help people in need, and give the American people a strong return on their investment. Our aim is not to create dependency, but to help our partners devise solutions they can sustain over the long term. Essential to this is a focus on advancing equality and opportunity for women and girls, who are the key drivers of economic and social progress in the developing world.

INVESTING IN THE RIGHT PEOPLE AND TOOLS

That brings me to our third area of investment. None of this can happen if we do not recruit, train, and empower the right people for the job.

The State Department and USAID are full of talented and committed public servants, but we have too often neglected to give them the tools they need to carry out their missions on the ground. Rather than building their expertise, we have too often relied on contractors, sometimes with little oversight.

This budget will allow us to expand the Foreign Service by over 600 positions, including an additional 410 positions for the State Department and 200 for USAID. It will also allow us to staff the standby element of the Civilian Reserve Corps, a crucial tool for responding to crises.

While deploying these personnel generates new expenses in some accounts, it will reduce expenses in others by changing the way we do business. We are ending an over-reliance on contractors and finding opportunities to save money by bringing functions into government and improving oversight.

A YEAR OF RESULTS

One thing should be very clear from this budget: the State Department and USAID are taking a lead in carrying out the United States' foreign policy and national-security agenda. As we finish the first Quadrennial Diplomacy and Development Review, we have a unique opportunity to define the capabilities we need and to match resources with priorities. This budget aligns our investments with the strategic imperatives of our time.

The QDDR will also help ensure that we are more effective and accountable. Jack Lew, the first Deputy Secretary of State for Management and Resources, has put his skill to work in developing this budget and in reviewing it over and over to make sure that every item is economical and effective.

At a time of change and challenge at home and abroad, these investments will enhance the security of Americans, assure the future American leadership, and help build the foundations of peace, stability, and prosperity in the years ahead. I look forward to

working with all of you as we move forward, and I would be pleased to take your questions.