



Statement before the House Committee on Foreign Affairs  
On the Budget, Diplomacy, and Development

# Addressing the crisis of confidence in American foreign policy: Increasing the effectiveness of our nation abroad

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Mr. Chairman, Mr. Engel, Members of the House Foreign Affairs Committee, thank you for your invitation to testify here today on this important topic.

The proximate reason for my appearance before you is to discuss the 2018 budget request and a 28.7 percent reduction in the 150 account. No budget is sacrosanct; however, readers of the Budget justification would be correct to wonder whether the assumptions being made about everything from allied behavior to the possibility of renegotiating international agreements will really work. More troubling still, the spirit that animates this budget is not a new and sorely needed vision for foreign affairs in the 21st century; rather, it is a laundry list of budget cuts—some merited, some less so. But the sine qua non of effective foreign policy is vision, not dollars. And that is the right place for this Committee and the Congress to begin as it assesses how to make do with less in the International Affairs budget.

It has been suggested by the Trump administration and others that the reason for the cuts in State Department and other agencies' funding is to plus up the Defense Department's FY18 budget number. A few points on the wisdom of this framing:

- The Defense Department's budget increase, while portrayed as a 10 percent increase in the Administration's budget request, is in fact more likely to be a [three percent](#) increase over the 2017 levels requested by Obama. In other words, it will not send the intended message that we are ensuring our "courageous servicemen and women have the tools they need to deter war, and when called upon to fight, do only one thing: Win."
- The optics of a cut to the budget for the State Department, USAID, and related agencies may, on the surface, appear to prioritize the fight against ISIS over the so-called soft power activities of State and USAID. However, there is little to suggest that the fight against Islamist extremism is a job for DoD alone.
- Indeed, in his statement earlier this month at the Global Coalition to Counter ISIS conference in Washington, Secretary of State Rex Tillerson [said](#), "We must ensure that our respective nations' precious and limited resources are devoted to preventing the resurgence of ISIS and equipping the war-torn communities to take the lead in rebuilding their institutions and returning to stability." And while some might suggest that Secretary Tillerson's statement represents solely an allusion to military action and so-called stabilization activities by the military, there is broad consensus in the foreign policy and military communities that the military alone cannot deliver the stability necessary to oust ISIS, al Qaeda, or other groups from the more than two dozen nations in which they are currently active.

This brings me to my next point, which is that the safety and security of the American people, constitutionally the most important role of the President of the United States, does not depend on the military alone. We have learned in the post-9/11 era that investments in stable governments that provide economic, political, and military security to their people go a long way in ensuring that groups such as ISIS, al Qaeda, and others do not exploit the weak and collapsing states that have provided their operating environment for some time. Indeed, I confess it was confusing to me that

the Secretary of State suggested stabilization is an imperative, but “nation building” is not. The two are inextricably intertwined, and a failure to understand the imperative of genuine stabilization suggests that Trump’s counterterrorism policies will look in form and substance much like Obama’s.

I am also flummoxed by the hysteria that has attended the announcement of the President’s proposed cuts to State and USAID. These appear to be deep cuts, but adding in the Overseas Contingency Operations (OCO) budget number proposed brings the overall number for diplomacy and development right back to where it was, and more. Some have rightly said that OCO is no way to do business, as that plus up is not dependable and therefore precludes planning. Fair enough, but that is a philosophical disagreement that does not affect the bottom line. And while there are organizations and agencies zeroed out, I confess, as a manager at a think tank that takes no government money of any kind, I have little sympathy for our compatriots who have supped at the government trough or received government land handouts in DC and now may see their funding slashed.

The right reaction is somewhere in the middle ground between complacency and hysteria. First, while the American people and our President may be wrong to think that vast quantities of our Gross Domestic Product are being shipped off to ungrateful foreigners, they would not be wrong in assuming that at least some of their money is being wasted with little regard to its impact. Don’t take it from me; here is the inspector general of the State Department in [testimony](#) before House Appropriators earlier this month:

We identified five top management challenges for USAID that need particular attention in fiscal year 2017. These challenges stem largely from weak project design, monitoring, and internal controls; a lack of local capacity and qualified personnel to execute USAID-funded projects; and the complexities in coordinating and implementing foreign assistance efforts jointly with multiple and diverse stakeholders. Weaknesses in these areas can limit the impact of USAID projects or derail them before they begin; leave programs vulnerable to fraud, waste, and abuse; or both. The magnitude of our investigations related to humanitarian assistance programs in Syria demonstrates the extent to which USAID programs can be vulnerable to exploitation.

To expand on this theme, it is indeed completely appropriate for the American people to ask how their tax dollars are being spent and whether decades of investment in places such as Haiti or Egypt have fertilized those nations to the point where American values and ideals are flowering. Since 1948, and including a major plus up after the signing of the Camp David Accords, the United States has spent more than \$100 billion in Egypt, yet in 2011 the beneficiary of many of those dollars, Hosni Mubarak, was overthrown by an angry, US-funded military that, together with the Egyptian people, believed he was a tyrant and a thief.

What about Tunisia, where the Arab Spring began over the self-immolation of a man furious over economic regulations that were stopping him from earning? Tunisia, we should remember, was one of the early graduates of the Millennium Challenge Corporation (MCC), which predicates its lending on performance.

What about Pakistan, which has received more than \$20 billion in US military and economic assistance over the past 15 years, only to be discovered as the safe haven for Osama bin Laden?

Much of the ire about inefficiency has focused on the US Agency for International Development, and

to be fair, USAID is an easy target, the agency many love to hate. But State has its own issues; it operates around an organizational structure that has not evolved significantly since 1945. Where things in the world have changed—almost everywhere—State has put in place a series of “special envoys,” who theoretically enjoy authority over the confusing transformation of American diplomatic priorities that has taken place over the decades since World War II.

There are, according to the Department of State website, 18 special envoys:

- Special Presidential Envoy for the Global Coalition to Counter ISIS
- Special Presidential Envoy for Hostage Affairs
- Special Envoy and Coordinator for International Energy Affairs
- Special Envoy and Coordinator of the Global Engagement Center
- Special Envoy for Climate Change
- Special Envoy for Closure of the Guantanamo Detention Facility
- Special Envoy for Global Food Security
- Special Envoy for Holocaust Issues
- Special Envoy for the Human Rights of LGBTI Persons (also Deputy Assistant Secretary in the Bureau of Democracy, Human Rights, and Labor)
- Special Envoy for Israeli-Palestinian Negotiations
- Special Envoy for Libya
- Special Envoy to Monitor and Combat Anti-Semitism
- Special Envoy to the Organization of Islamic Cooperation
- Special Envoy for North Korean Human Rights Issues
- Special Envoy for Six-Party Talks
- US Special Envoy to Sudan and South Sudan
- US Special Envoy for Syria

Of course, many of these positions are in place because of Congressional mandates, but the origin of Congressional mandates is dissatisfaction with the performance of the State Department and USAID. Indeed, at a recent event discussing these very issues, I asked a colleague from another think tank to name successful foreign assistance programs, and what he could come up with was not any project or initiative of a special envoy or coordinator, but PEPFAR and malaria prevention, both programs put in place by the Bush administration and fully funded under the Trump budget request.

In short, there is much to criticize about the conduct of our diplomacy and our foreign assistance programs. But none of those criticisms should suggest that diplomacy and foreign assistance are without substantial value to the United States, to our allies, and to the people of the world who have rightly come to see the United States as a global leader.

Therefore, the correct question for Congress’ authorizers and appropriators to ask is not how to restore every penny back into the 150 account, but rather where judicious cuts can be made that will enable effective programs to continue and prompt ineffective ones to change. In so doing, the correct barometer is effectiveness. As the bipartisan [AEI American Internationalism Project](#) made clear, the American people are not averse to being engaged in the world, but they are averse to wasting money and being ineffective.

As you consider that question, set aside the input-oriented information too often provided by State and USAID, and consider outputs and their links to State and AID programs.<sup>1</sup> Inputs are not an adequate measure of effectiveness, yet a visit to the many different webpages of State, USAID, and related agencies tells you little about the impact of particular programs and a lot about how many tax dollars were spent.

Rather, consider how programs are being implemented, who is doing the implementing, why the program is in place, how it serves the interests of the United States, and whether we are getting bang for our buck. Programs orientated toward institution-building and fostering pro-freedom, pro-market behaviors should have primacy. Efforts such as those of the MCC, which emphasize buy-in from foreign beneficiaries, are similarly intelligent. Low-cost investments like surrogate broadcasting—such as Radio Free Asia and Radio Free Europe—that provide a window to the outside world for unfree peoples can mean the difference between a country that is pro-American and one that is anti-American.

Who is doing the contracting for US assistance programs? How much cronyism influences grant decisions? How many people are being hired as personal service contractors? How many people are working in embassies? How much duplication is there among personnel? All of these are the questions that should inform decisions about reform. Similarly, it is time that Congress ask itself why it is that State's Office of the Inspector General had an appropriation of \$66 million last year, employs more than 200 people at main State, and is increasingly a major component of all assistance programs. If there is that much fraud and abuse built into the system, isn't it time to look at the system rather than simply hiring more auditors and inspectors?

Finally, the United States' foreign policy machinery has been operating under the US Foreign Assistance Act of 1961 for nearly 56 years. And while there have been thousands of amendments to the act, isn't it time for Congress to consider starting fresh, looking at the bureaucratic structure of the Department of State, considering whether to finally wrap USAID into State itself, and revamping the half-century-old foundations for our foreign policy activities? I recognize this is a monumental task, but we must recognize there is a crisis of confidence in American foreign policy, in the effectiveness of our nation abroad, and in the value of our assistance programs and our alliances.

As someone who believes that a world led by the United States of America is a better world, and who appreciates the incredible work done by so many at State, USAID, OPIC, and many of the other agencies who toil in obscurity funded by the 150 account, I believe the three Ds—defense, diplomacy, and development—are investments that have served the American people well, perhaps better than many recognize. But even the best of investments need close supervision, rethinking, reform, and aggressive oversight.

Thank you.

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<sup>1</sup> I recall that USAID [boasts](#) of the success of its investments in family planning driving down the birth rate in Egypt by almost 50 percent. Yet over the same period in the Islamic Republic of Iran—presumably a place where we are not providing funding for family planning through USAID—the birth rate fell by the same proportion over the same period.