

NOMINATIONS

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

—————
JANUARY 22, 2009
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Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: <http://www.fdsys.gpo.gov>

U.S. GOVERNMENT PRINTING OFFICE

65-247 PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
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NOMINATIONS

THURSDAY, JANUARY 22, 2009

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

James B. Steinberg to be Deputy Secretary of State
Jacob J. Lew to be Deputy Secretary of State for Management and
Resources

The committee met, pursuant to notice, at 9:38 a.m., in room SD-419, Dirksen Senate Office Building, Hon. John F. Kerry (chairman of the committee) presiding.

Present: Senators Kerry, Dodd, Feingold, Menendez, Cardin, Casey, Webb, Shaheen, Kaufman, Lugar, Corker, Isakson, and Barrasso.

OPENING STATEMENT OF HON. JOHN F. KERRY, U.S. SENATOR FROM MASSACHUSETTS

The CHAIRMAN. The hearing will come to order, please.
Thank you.

Well, we're pleased to welcome our two nominees here today, and our colleagues in the Senate who will be introducing them, Senator Hutchison and Senator Schumer. Senator Schumer was just bragging to me about how many New York Cabinet people he's been introducing—and who was it that you announced, the—oh, yes, Eric Holder actually comes from New York, though he isn't there now. So, if you count him, you've got five Cabinet members. We're delighted to have you here, and I know that Jack Lew is delighted to have you, too.

Let me just say a few words to start off, and then Senator Lugar will, and then we'll give each of you a chance to make your introductions. And I know you have busy schedules.

Each of our nominees today bring to the table, as is appropriate, very strong public-service credentials, an impressive track record for both of them, of knowing how to get things done. And I think that is what particularly qualifies them for these two positions.

Let me just ask you if either of you have family members here today. We'd be delighted if you'd introduce them to the committee. I see we've got some young members here. Yes. Go ahead, Jim.

Mr. STEINBERG. Thank you, Senator. It's a pleasure to be here. I'll say more in just a minute, but I would like to introduce—I have quite a number of members of my family here. My wife, Sherry Abbott, and my two daughters, Jenna, right there, and Emma, in

her lap; my mother, Charlotte Steinberg; and my sister, there, Margo Lebowitz.

The CHAIRMAN. Welcome. Who has—who do you have in your lap over there? OK, she's ready to speak up for herself. [Laughter.]

Mr. STEINBERG. She's ready to go, Senator.

The CHAIRMAN. There you go. Well, we're delighted to have you here, and we know you're very proud of your daddy.

And, Jack.

Mr. LEW. Senator, thank you. I'd like to introduce my wife, Ruth Schwartz, who's with me, and my daughter, Shoshanna. And my son, Danny, couldn't be here today, but is with us in spirit.

The CHAIRMAN. Great. Well, we really welcome you. We're delighted to have all of you here, and we know that this requires a little bit of sacrifice from all of you, too, because the hours are long and sometimes with travel involved and everything. There's a lot of giving by the families, so we appreciate that.

I think both of you, obviously, know the challenges that we face ahead of us. And the President's Inaugural Address was a fresh and stark reminder that this is a moment of multiple crises—two ongoing wars, the Middle East on fire, a nonproliferation regime, facing dire challenges, a changing climate headed toward a point of no return, not to mention a financial crisis and the full global implications of which are still unfolding.

These challenges and others demand, and the President has promised, nothing less than a bold new era of American diplomacy. That much is clear. The question for all of us is, "What's the most effective way to get there?" a question which, in many cases, will be at the center of the work of the two nominees here today.

To be effective, we understand that a surge in diplomacy must be accompanied by a surge in the capacity of our civilian institutions to meet a new and far more ambitious agenda. And that will not happen unless we match our rhetorical commitment to a more powerful State Department with a serious new commitment of resources.

Jim Steinberg, the deputy tasked with policy, has a well-earned reputation for incisive analysis. He has thought a great deal about Presidential transitions, the challenges of making national security decisions in the first days of a new administration. He's a master of policy detail and, famously, a tireless worker. In short, he is more than well equipped to hit the ground running in this job.

I'm also heartened by the decision to appoint Jack Lew as Deputy Secretary of State for Resources and Management. I've worked closely with Jack on environmental issues, and know him to be both extraordinarily competent and a pleasure to work with. As the administration considers how to strengthen the civilian aspects of our foreign policy, he is going to be a powerful advocate for the State Department within the administration and before the Congress.

While the second deputy position has existed in statute for nearly a decade, it's never been filled. The Obama administration's selection of someone with stature and deep knowledge of management issues and the budgetary process is a welcome sign of the commitment to deliver on the nuts and bolts that will empower robust diplomacy.

The goal of increased diplomatic and civilian capacity-building is fully embraced by this committee, and we recognize the Secretary of Defense's warnings of the "creeping militarization of American foreign policy," and welcome his demand for increased resources for the State Department to take on new missions.

Getting this right is going to require significant resources. I expect to see Jack Lew fighting for every dollar he can get for the State Department, and this committee looks forward to helping him to spend it as constructively as possible.

Money alone, though, we all understand, is not going to be enough. With greater budgetary resources come increasing management challenges. I enthusiastically support the goal. It's long overdue. President Obama has committed to increasing our Foreign Service officer corps by 25 percent. And when our Foreign Service officers are stretched too thin and constantly working their rotations at full capacity, we end up shortchanging the kinds of training that we'd like our diplomats to have. With more officers, and more staffing to support them, we can supply our diplomatic corps with new kinds of expertise in the cultures, languages, places, and issues where we'd like to see greatest focus in the years ahead. And I might add, significantly, that the public diplomacy component of America's efforts in the last years has been significantly undermanned, underconceptualized, underimplemented; and nothing is more important to our success with respect to counterinsurgency and counterterrorism.

We also need to reexamine the laws that guide civilian programs, from acquisition to actual funding. And I'm committed to working with the new administration to explore whether the Foreign Assistance Act can be strengthened. And we believe, obviously, that it can be.

Finally, as a member of the Massachusetts delegation, and privileged now to be chairman, I'm very pleased to note that Jack Lew served as an aide to Tip O'Neill, and Jim Steinberg worked for my good friend and colleague Ted Kennedy on the Armed Services Committee. So, while their accomplishments since then have been remarkable, I can assure you they began their journeys with the best in the business.

Senator Kennedy has asked me to submit statements for the record with respect to both of your nominations, and I am pleased to do that.

[The statements of Senator Kennedy follow:]

PREPARED STATEMENT OF SENATOR EDWARD M. KENNEDY IN SUPPORT OF
NOMINEE JAMES B. STEINBERG

Mr. Chairman, Senator Lugar and members of the committee, I strongly support the nomination of Jim Steinberg to be Deputy Secretary of State.

We know the extraordinary interest across the globe for the change in America that is about to take place. We must act with a sense of urgency to meet the challenges before us. Never before has the need for America's leadership and respect in the world been more important, more necessary, and more desired than it is today.

We've learned harsh lessons from past decisions to "go it alone." Now, we have an opportunity—and a responsibility—to see that our role in the world reflects the values and aspirations of the American people.

For too long, America has been misunderstood and misrepresented. We must restore the promise of America and regain our respect in the world. We must honor our many international obligations and contribute to the world as only America can so generously do.

Jim Steinberg is an excellent choice to help lead us in meeting these challenges as Deputy Secretary of State. Jim is well known and well respected by many of us in the Senate. His extraordinary talent, ability, and expertise have prepared him well to serve in this very important position.

I've known Jim for many years, dating back to 1981 when he joined my staff as minority counsel on the Labor and Human Resources Committee and went on to assist me when I joined the Armed Services Committee in 1983. His potential was clear. Time and again, whether the issue was nuclear arms control, the conflict in Lebanon or a crisis in Central America, I relied on Jim for excellent advice and a thorough analysis of the issues. I remember fondly a trip with Jim to Germany on arms control issues in 1985, and I also have Jim to thank for the warm relationship I developed with Senator Barry Goldwater on the Conventional Forces Subcommittee of the Armed Services Committee.

Jim has impressive experience both in and out of government. He has held a range of important positions in the executive branch: at the National Security Council, the State Department, and as President Clinton's personal representative at the 1998 and 1999 G8 summits. He also has an excellent understanding of the challenges confronting our intelligence community, having served as Deputy Assistant Secretary for Analysis in the Bureau of Intelligence and Research at the State Department in 1993.

Jim is a prolific writer and respected scholar in foreign policy. During his years at the Brookings Institution from 2001 to 2005, I often asked his counsel on the wars in Iraq and Afghanistan. He was always a step ahead, offering forthright insights that gave new perspectives to these complex and troubling issues.

Jim will not hesitate to go against conventional thinking, and he's a pleasure to work with. His views are always innovative and thoughtful about what America needs to do. I have great respect for the many contributions he has made to public affairs issues, and to mentoring the next generation of public policy leaders in his current position at the Lyndon B. Johnson School of Public Affairs at the University of Texas.

Jim's an avid runner and fly fisherman. I know from experience what a strong backhand he has, and how gracious he can be on the tennis court in never failing to let the boss win! I know he'll go the distance for the State Department and for our country.

Jim hails from Boston, where he grew up. He attended Harvard as an undergraduate and received a law degree from Yale in 1978. Jim's wife, Sherburne Abbott, is an environmental scientist and director of the Center for Science and Practice at the University of Texas at Austin. They have two young daughters, Jenna who is age 7, and, Emma who is 4, and I know how proud they are of their father today.

I'm delighted the administration has nominated such a talented and dedicated public servant to represent us. Jim clearly has the skill, long-term vision, and creative thinking essential to meet and master the challenges facing our Nation and our interdependent world.

Mr. Chairman, I strongly support Jim Steinberg's nomination to be the Deputy Secretary of State, and I urge the committee and the Senate to approve the nomination.

PREPARED STATEMENT OF SENATOR EDWARD M. KENNEDY IN SUPPORT OF
NOMINEE JACOB J. LEW

I'm delighted that President Obama has nominated Jack Lew to serve as Deputy Secretary of State for Management and Resources.

Jack is an extraordinarily talented leader who has brought vision and leadership to every job he has held, and he'll bring those same qualities to the vital task of managing the State Department and our foreign assistance programs at this critical time.

I first met Jack when he served as a young aide to House Speaker Tip O'Neill of Massachusetts. He quickly rose to positions of major responsibility in the Speaker's office, and he hasn't slowed down since.

I also had the privilege of working closely with Jack when he served in the Clinton administration—first when he was a special assistant to the President and later when he became Director of the Office of Management and Budget. I found him always to be thoughtful, open and innovative in assessing new ways for improving the lives of Americans. Whether the issue was new investment in education, aid to sub-Saharan Africa or assistance to distressed fishermen in Massachusetts, Jack's door was always open.

A statement by Jack from that period tells a great deal about the values he will bring to this new responsibility at the State Department. He said, "Budgets aren't books of numbers. They're a tapestry, the fabric, of what we believe. The numbers tell a story, a self-portrait of what we are as a country."

Our Nation faces enormous challenges, and the State Department's role in advancing America's interests will continue to be paramount. Jack Lew is especially well qualified to make sure that our resources are used efficiently and effectively to promote America's interests abroad, and I urge the Foreign Relations Committee and the Senate to support his nomination.

The CHAIRMAN. In sum, Jim Steinberg and Jack Lew are first-rate public servants, with the intelligence, experience, and savvy to help make an historic contribution to the State Department and to the country. We wish them the best of luck and look forward to hearing from them this morning as to how they intend to help America accomplish the daunting task of revitalizing the State Department and restoring our reach and our reputation across the globe.

Senator Lugar.

**OPENING STATEMENT OF HON. RICHARD G. LUGAR,
U.S. SENATOR FROM INDIANA**

Senator LUGAR. Thank you very much, Mr. Chairman.

As a point of personal privilege, I want to mention that, on the Republican side, we'll have a meeting at 11:30 in S-116, as a part of our party rules, to nominate and elect the ranking member of the committee. Now, Members may come, either in person or by proxy, cast secret ballots on that occasion. They—

The CHAIRMAN. Am I allowed to nominate?

Senator LUGAR. No. No, no. No. [Laughter.]

In a word.

But, Dave Schiappa, representing our leader, Senator McConnell, will be present to administer the proceedings.

Now, I want to also mention that we have two new Republican members, Senator Wicker and Senator Risch, to be joining our committee. They have just been announced yesterday by the resolution, and we look forward to having them with us very soon.

And it's a delight to see Senator Kaufman here this morning. He's well acquainted with the committee through long association with the Vice President, and we appreciate that.

And, of course, Senator Shaheen, we're delighted as a part of—

The CHAIRMAN. Senator Kaufman had a slightly more advantageous seat, but less powerful than previously.

Senator LUGAR. I see. [Laughter.]

Mr. Chairman, I join you in welcoming our distinguished nominees. And I also congratulate you on the success of the committee yesterday with the nomination and final word of the Senate on our Secretary of State and the committee work on the Ambassador to the United Nations, Susan Rice.

We appreciate the impressive experience and talents that these nominees bring. During Secretary Clinton's recent hearing before this committee, there was much discussion of the reinvigoration of a diplomatic option relative to the use of military force. And this was a prominent issue in the presidential campaign, as well. The debate on when to pursue diplomacy, and, by implication, when to pursue military force, is a logical one to have arisen, given the

wars in Iraq and Afghanistan, but I would offer a slightly different emphasis today, in advance of our discussion with the Deputy Secretary nominees.

I share the view that it's necessary to shift resources toward diplomatic tools, or so-called "smart power," as some have called it. But, to be effective in the long run, we must do more than demilitarize our foreign policy, we have to make it less reactive. Too often in the post-cold-war era, the United States foreign policy, whether based on diplomatic or military action, has been a crisis-response exercise. Often, these crises have been associated with a specific country, be it Iran, North Korea, Iraq, Russia, Cuba, Venezuela, and others. Sometimes, protecting national security does come down to a crisis response. But, if most U.S. foreign policy attention is devoted to problems fomented by hostile regimes, we are ceding the initiative to our rivals and reducing our capacity to lead the world in ways that are more likely to affect our future.

I'm not suggesting the United States can ignore states like North Korea and Iran, I am suggesting we cannot afford to allow our concern with such regimes to shorten our strategic horizon unjustifiably, concentrate our resources, or rob us of our foreign policy initiatives.

If the United States is to remain secure and prosperous, it must seek to shape the diplomatic and economic conditions in the world. We should be asking, How do we change the rules of the game in ways that benefit stability? How do we raise costs for those pursuing a course inimical to our interests? And how do we avoid repeatedly being confronted with nothing but bad options, one of which usually is military force?

We have a tendency to glamorize the dramatic milestones of foreign policy, military operations, summits, diplomatic crises, groundbreaking speeches. In most administrations, the Secretary of State's time is consumed by such events. But, the long-term effectiveness of our policy usually depends on how diligently we've attended to the fundamental building blocks of United States foreign policy, especially alliances, trade relationships, well-functioning embassies, reliable intelligence, humanitarian contexts, effective treaty regimes, and a positive reputation abroad. If this preparation has been neglected, no amount of charisma, bravado, or diplomatic skill by the Commander in Chief and the national security team will make up the deficit.

I offer these reflections at this hearing because improving the capabilities of the State Department and developing long-term strategic plans often fall to the Deputy Secretaries. To illustrate what is at stake, I would cite the gradual loss of our strategic advantages in Europe, Central Asia, and the Caucasus as Russia strengthens its energy-supply position and the Atlantic alliance experiences intensifying divisions. The conflicts in Georgia and Russia's recent natural-gas delivery suspensions may seem to some like distant crises, but they are more accurately perceived as manifestations of the failure of the United States and Europe working together to coalesce behind a strategic diversification of energy supplies.

In the coming years, we'll be faced with numerous problems. They'll be more acute if we fail now to employ strategic initiatives.

How will we deal diplomatically with the prospect of declining oil production worldwide? Even as we attempt to mitigate greenhouse gases, we will help other regimes adapt to the specific changes in the global climate that many scientists are predicting. Do we have a plan to double, or even triple, global food yields to accommodate the expected surge in demand for food? How will we reinforce the nonproliferation regime worldwide at a time when interest in nuclear power is increasing rapidly? And can we preserve and expand an arms-control regime that is at risk of deterioration? What is our plan for managing our economic security relations with rapidly growing nations, particularly China and India?

Now, like most Secretaries of State, Secretary Clinton may have little choice but to keep her vision fixed on the crisis or negotiations of the moment, but I am hopeful that both of our nominees today will be advocates for long-term strategic vision within the State Department and the Obama administration.

As you support the Secretary's efforts, I would urge both of you to consider, every day, what can be done to build the capacity of the Department, prepare for the likely circumstances we'll face in coming years, and change strategic circumstances in ways that increase our diplomatic options and leverage in the future.

I thank the chairman, and I look forward to our testimony and discussion.

The CHAIRMAN. Thank you very much, Senator Lugar, for those, as usual, important observations, and we appreciate them.

Senator Hutchison, would you please lead off with an introduction?

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Thank you very much.

Let me just note that I heard Senator Schumer bragging about introducing five Cabinet officers. I just want to say that I used to brag like that, too. [Laughter.]

Mr. Chairman—

The CHAIRMAN. And you're still a Texan. That's—
[Laughter.]

Senator HUTCHISON [continuing]. And Senator Lugar, I am very pleased to be here on one of my few nominations that I get to introduce now, and I'm really glad that it is Dean James Steinberg to be Deputy Secretary of State. I have worked with the Dean in his time at the LBJ School, and it has been wonderful. He is a visionary. Obviously, he's bright. And his resume in foreign policy is absolutely the best. He is clearly the best qualified person for this job.

He has been dean of the LBJ School since 2006. Before that, he was the vice president and director of foreign policy studies at Brookings Institution. From December 1996 to August of 2000, he was deputy national security advisor to Bill Clinton—President Bill Clinton—and served as the President's personal representative to the 1998 and 1999 G8 summits. Before that, he was Chief of Staff at the U.S. State Department, Director of the State Department's Policy Planning Staff, and Deputy Assistant Secretary for Analysis at the Bureau of Intelligence and Research. He's also been a senior

analyst at RAND and a senior fellow at the U.S. Strategic Policy— at the International Institute for Strategic Studies in London.

He also is an author and contributor to many books and articles, including “Difficult Transitions: Foreign Policy Troubles at the Outset of Power,” “Protecting the Homeland 2006 and 2007,” and “An Ever Closer Union: European Integration and Its Implications for the Future of U.S.-European Relations.”

I think we can see that he has such a depth of foreign policy experience that I know he will be able to hit the ground running at the State Department to help the Secretary of State, Hillary Clinton.

He received his BA from Harvard in 1973 and his juris doctorate from Yale Law School in 1978. I’m very pleased to wholeheartedly endorse his nomination, and I hope that we can have a swift confirmation so that there is a seamless transition at the State Department.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you so much, Senator Hutchison. We really appreciate that. And I want you to know you elicited the first major blush I’ve ever witnessed from Senator Schumer. [Laughter.]

Senator Schumer.

**STATEMENT OF HON. CHARLES E. SCHUMER,
U.S. SENATOR FROM NEW YORK**

Senator SCHUMER. Thank you, Mr. —

The CHAIRMAN. Delighted to have you here.

Senator SCHUMER. Thank you, Mr. Chairman. It’s great to be back. And I do want to congratulate Jim Steinberg, before I introduce my good friend Jack Lew. He is a brilliant person, far-reaching knowledge, and he also now increases the claim of diversity in the State Department.

Anyway, it’s great to be here, and to be here with Jack Lew. I have known Jack since 1981, when I came, as a young Member of Congress, and he was a senior staffer for Tip O’Neill, and we became friends then. He taught me a lot then, and continues to. He comes from the Queens part of my congressional district, and his wife comes from the Brooklyn part of my congressional district. So, we’re old friends; I know him well, and I endorse him, without qualification, unequivocally, and with a great deal of pride that someone of his talent has been nominated.

Jack’s an accomplished manager, great public servant, brings a wealth of experiences in government, business, and academia to this. As I mentioned, he was a capable staffer in the House of Representatives and in the Clinton White House. After working in the White House on the administration’s budget and fiscal policy, he rose through the ranks of OMB, spending the last 3 of his 8 years as Director of OMB, which gives him broad knowledge of the Government and of the State Department, as well.

When Jack headed up the administration’s budget, the country saw sound management and even sounder budget surpluses. In addition to his work in the government, he’s been an adept manager in the private sector. He has also developed an impressive CV in the academic world, having taught at both Georgetown and NYU.

He's a member of the Council on Foreign Relations, sits on the advisory board of the Hamilton Project at Brookings, which aims to extend the benefits of economic growth to more Americans. He's a capable administrator and accomplished public servant. And, Mr. Chairman, wherever Jack goes, he leaves with, just, respect from just about everybody, regardless of their political affiliation. He's a class-act, will be a great addition to the State Department, and I want to congratulate Jack on this nomination, and hope that we'll move, I know, under your leadership, Mr. Chairman, swiftly through the committee.

The CHAIRMAN. Thank you very much, Senator Schumer.

We thank you both. I know you have busy schedules, so we'll excuse you at this point in time.

And now I'd like to ask each of the nominees if they would make a summary statement; the full statement will be placed in the record as if read in full. And then we'll have a question period.

Dr. Steinberg, do you want to begin?

**STATEMENT OF JAMES B. STEINBERG,
NOMINEE TO BE DEPUTY SECRETARY OF STATE**

Mr. STEINBERG. Well, thank you very much, Mr. Chairman, Senator Lugar, and all the members of the committee. I'm humbled and grateful for the kind words of Senator Hutchison and Senator Schumer, and also the remarks that Senator Kennedy has forwarded. As you observed, Mr. Chairman, I learned, at the feet of a master, about the Senate and about government and about public service, and I'm glad to hear he's doing better. And I know he's in all of our prayers.

I've been privileged, over the last several years, to be part of a historic Boston-Austin connection, and I hope to do justice to both traditions of public service, if the committee is—and the Senate—is so good as to confirm me for this nomination.

I'm honored by the trust that President Obama and Secretary Clinton have shown in me by asking me to serve with them, and I can think of no greater privilege than the opportunity, once again, to serve our country.

I also want to thank my family for their unfailing love and support. I'm so glad that they can all be here today.

I'm also pleased to be here with my good friend and colleague Jack Lew, with whom I look forward to building a unique and productive partnership that will strengthen the State Department's ability to contribute to our national security and foreign policy goals in the coming years.

As you observed, Mr. Chairman, and as the committee knows, I had the honor of working as a staff member in the Senate for nearly 5 years in the early 1980s, so I know and respect the central role that the Congress plays in helping to formulate our national security strategy and the unique responsibility and justifiably proud tradition of this committee in helping to assure a sustained and sustainable American foreign policy that bridges both parties and both ends of Pennsylvania Avenue.

I want to congratulate you, Mr. Chairman, my other home State Senator, for taking on the great responsibilities of leading this committee, and Senator Lugar, who has been a counselor to me for

many years and a remarkable global leader, as well as the new members of the committee. I look forward to your advice and guidance, and to working closely with all of you, and the members of your staffs, to meet the challenges and opportunities that we face as a nation.

As the dean of a school of public affairs, I've had the pleasure of spending the last 3 years with young men and women who feel a compelling call to public service, and I'm particularly pleased that a number of them are here this morning, though a big apprehensive about what grade they will give me after the hearing is over.

I'm constantly struck by their idealism and their commitment to dedicating their lives to fulfilling the dreams and aspirations of our Nation's founders that America should be a beacon to the world.

As the first generation of the age of globalization, my students know that America thrives best when all those around the world who share our dreams and our values have an opportunity to seek the blessings we have fought so hard to secure. They also know that America is strongest when we work together with those who share our interests and our values to meet challenges like terrorism, nuclear proliferation, climate change, and poverty that no nation, even ours, can successfully address alone. This is the vision that President Obama and Secretary Clinton have offered to the Nation and to you, and one that I enthusiastically share.

As Secretary Clinton stressed so eloquently in her testimony before this committee, for America to succeed in meeting the coming challenges, we must harness all the tools of American power and influence, what she and others have called "smart power." The State Department has a crucial role to play in underpinning U.S. global leadership. And as a veteran of the Department from an earlier time, I want to pay tribute to the dedication of the many men and women in the Foreign and Civil Service and the locally employed staff who so ably serve our country, and look forward to working with them again.

But, no one agency or part of government could be effective unless it collaborates seamlessly with all of the components of our national security community, at the Pentagon, the uniformed military, the White House, the intelligence community, the new Department of Homeland Security, and, increasingly, with our economic agencies and those concerned with our Nation's health. So, I also look forward to working with President Obama's entire team to build a national security strategy that is comprehensive and forward-looking, one that not only addresses the urgent crises of today, but sets us on a path to master the challenges of tomorrow, as Senator Lugar so eloquently addressed in his opening remarks.

I have no doubt that, working together, we can help assure that America's future will remain bright, something we owe to our children and generations to come.

I'm also excited to reach out to the best minds and demonstrated experience of so many of our people in the private sector, in NGOs, and, of course, in our universities and think tanks, to make sure that we are innovative and creative as we can possibly be in meeting the new challenges of the 21st century.

There is enormous talent and commitment across our Nation, and we must find imaginative ways to bring those perspectives and experience to the working of our government. This is the best way I know how to assure that the 21st century will be a century of hope and opportunity for America.

I've had the opportunity to closely study your hearings with both Secretary Clinton and Ambassador-designate Rice, so I am familiar with a number of issues that concern you all. Having served, in the past, as a deputy, you won't be surprised if I tell you that I concur wholeheartedly in their responses, but would be happy to try to amplify them wherever possible.

Thank you for the courtesy that you've shown to me, and I look forward to your questions.

[The prepared statement of Mr. Steinberg follows:]

PREPARED STATEMENT OF JAMES B. STEINBERG

Mr. Chairman, Senator Lugar, members of the committee, I am grateful for the kind words of Senator Kennedy and Senator Hutchison. I've been privileged to be part of the historic Boston-Austin connection and hope to do justice to both traditions of public service.

I am honored by the trust that President Obama and Secretary Clinton have shown in me by asking me to serve with them. I can think of no greater privilege than the opportunity once again to serve our country. I also want to thank my family for their unfailing love and support. And I'm also pleased to be here today with my good friend and colleague, Jack Lew, with whom I look forward to building a unique and productive partnership that will strengthen the State Department's ability to contribute to our national security and foreign policy goals in the coming years.

As the committee knows, I had the honor of working as a staff member in the Senate for nearly 5 years in the early 1980s. I know and respect the central role that the Congress plays in helping to formulate our national security strategy, and the unique responsibility and justifiably proud tradition of the Foreign Relations Committee in helping to assure a sustained and sustainable American foreign policy that bridges both parties and both ends of Pennsylvania Avenue. I want to congratulate Senator Kerry, my other home State Senator, for taking on the great responsibilities of leading this committee, and Senator Lugar, who has been a counselor to me for many years and a remarkable global leader. I look forward to your advice and guidance and to working closely with you and all the members of the committee and your staffs to meet the challenges and opportunities that we face as a nation.

As the dean of a school of public affairs, I have had the pleasure of spending the last 3 years with young men and women who feel a compelling call to public service. I am constantly struck by their idealism and their commitment to dedicating their lives to fulfilling the dreams and aspirations of our Nation's founders—that America should be a beacon to the world. As the first generation of the age of globalization, my students know that America thrives best when all those around the world who share our dreams and our values have an opportunity to seek the blessings we have fought so hard to secure. They also know that America is strongest when we work together with those who share our interests and values, to meet challenges like terrorism, nuclear proliferation, and climate change that no nation, not even ours, can successfully address alone. This is the vision that President Obama and Secretary Clinton have offered to the Nation and to you, and one that I enthusiastically share.

As Secretary Clinton stressed so eloquently in her testimony, for America to succeed in meeting the coming challenges, we must harness all the tools of American power and influence—what she and others have called “smart power.” The State Department has a crucial role to play in underpinning U.S. global leadership, and as a veteran of the Department from an earlier time, I want to pay tribute to the dedication of the many men and women in the Foreign and Civil Service who so ably serve their country, and look forward to working with them again. But no one agency or part of government can be effective unless it collaborates seamlessly with all of the components of our national security community—at the Pentagon, the uniformed military, the White House, the intelligence community, the Department of Homeland Security, and increasingly with our economic agencies and those concerned with our Nation's health—so I also look forward to working with President

Obama's entire team to build a national security strategy that is comprehensive and forward looking, one that not only addresses the urgent crises of today, but sets us on a path to master the challenges of tomorrow. I have no doubt that working together, we can help assure that America's future will remain bright—something we owe to our children and generations to come.

I am also excited to reach out to the best minds and demonstrated experience of so many of our people—in the private sector, in NGOs, and, of course, in our universities and think tanks—to make sure that we are innovative and creative as we can possibly be in meeting the new challenges of the 21st century. There is enormous talent and commitment across our Nation, and we must find imaginative ways to bring those perspectives and experience to the working of our government. This is the best way I know to assure that the 21st century will be a century of hope and opportunity for America.

I have had the opportunity to study closely your hearings with both Secretary Clinton and Ambassador-designate Rice, so I am familiar with a number of the issues that concern you all. Having served in the past as a deputy, you won't be surprised if I tell you that I concur wholeheartedly with their responses, but would be happy to try to amplify them where possible. Thank you for the courtesy you have shown to me and I look forward to your questions.

The CHAIRMAN. Mr. Lew.

STATEMENT OF JACOB J. LEW, NOMINEE TO BE DEPUTY SECRETARY OF STATE FOR MANAGEMENT AND RESOURCES

Mr. LEW. Thank you, Mr. Chairman, and thank you, Senator Lugar. And I'd like to thank Senator Schumer for the very gracious introduction, and Senator Kennedy for the kind words he introduced into the record. With Jim, my thoughts and prayers are with him, and I'm very glad to hear that he's feeling better today.

It is really my privilege and honor to testify before the distinguished members of this committee. To echo Secretary Clinton, I hope this is only the beginning of a close and collaborative relationship.

I'm delighted that my wife, Ruth, and my daughter, Shoshanna, are with me today. Together with my son, Danny, who could not be in Washington today, my family has always supported my effort to participate in public affairs. As we all know, the sacrifices of public service often fall on those closest to us on whom we rely so heavily. I'm always grateful to be blessed with a family that appreciates the importance of this work and bears the burdens with good cheer, support, and enthusiasm.

I also want to thank President Obama and Secretary Clinton for their confidence in me to take on this new role at this challenging moment for our Nation. I look forward to working closely with my friend and colleague, Jim Steinberg, as we form a team to advance the foreign policy of the United States.

With me in spirit are people who were not able to be here today; in particular, my parents, Irving and Ruth Lew, who taught me the importance of participating in public life, and the late Speaker, Thomas P. O'Neill, Jr., who, for 8 years earlier in my career, was both my boss and mentor as I gained invaluable experience in the policy and legislative process.

Growing up on the Hill, I developed enormous respect for the institution of Congress and the Members of the Senate and House who fulfill its mission. Mr. O'Neill lived by simple maxims, none more important than "politics stops at the water's edge," that bipartisan consultation and cooperation are vital to our foreign policy. My commitment to both is deep, and will be sustained.

In the Speaker's office and at the Office of Management and Budget, I had the privilege to participate from a vantage point that cut across the entire Federal Government. From that perspective, I have a strong view that we owe the American people performance that focuses on getting the job done, that resolves questions of policy, procedure, and jurisdiction in the interests of that goal. If confirmed, I will focus on getting the job done, making sure that the Department is well coordinated internally and collaborating effectively with other agencies and organizations, spending smarter as we build the capacity to achieve our objectives and deliver results.

In her testimony, Secretary Clinton laid out the opportunities for leadership that America faces, and strategies to pursue those opportunities. She described smart power, using all the tools at our disposal—diplomatic, economic, military, political, legal, and cultural—to protect our security, advance our interests, and promote our values in the world.

Diplomacy is the first choice, which is why the President is committed to a foreign policy with diplomacy at the vanguard. If confirmed, I will concentrate on making sure that the President and the Secretary have the tools that they need to pursue and accomplish our foreign policy goals. I pledge to work collaboratively to augment the Department's capacities to meet the challenges we face today.

As you all know, this will not be simple, it will require internal coordination in close cooperation with other Departments, particularly the Defense Department, and with the relevant committees of the Congress.

Both Secretary Clinton and Defense Secretary Gates have said clearly that we must enhance and expand our civilian capacity to do results-oriented, sophisticated, hands-on diplomatic and development work. In Iraq, Pakistan, and Afghanistan, our Foreign Service and USAID professionals work on the ground to support stable, responsible governance. Civilian response capacity can lessen the burden on our military, and effective development in diplomatic work can reduce the need for military engagement down the road, protecting our interests and saving dollars and lives.

I know that foreign assistance is especially important to this committee, as it is to the President and the Secretary, who have pledged to increase our aid. Our support for development and good governance, and our role in defending human rights and alleviating suffering in the world, reflects our values and advances our interests.

With limited resources and tremendous need, we must ensure that the return on our investment is strong. Across our foreign assistance programs, we must use our resources effectively and efficiently. We need to reduce overlap between programs and departments, articulate clear objectives, and leverage resources of international organizations, allies, the private sector foundations, and NGOs to maximize our impact. We must learn from efforts that do succeed—as well as those that do not succeed—and bolster those that work.

To achieve our foreign policy goals, we must use our resources well, but we will also need additional resources. It is not possible to have the international presence that we need, at current funding

levels. There are simply not enough people or dollars to achieve our objectives. I pledge to work with the Congress to demonstrate that resources are being used effectively and to make the case that additional resources are needed.

I look forward to joining the dedicated and talented professionals of the State Department who do the difficult work of conducting America's foreign policy, often enduring personal hardship and great risk. If confirmed, I will be honored to join their ranks.

Every day, thousands of Foreign Service, civil service, and locally engaged staff work hard to protect our interests. I will work, in my post, to further enable them in their service to our country.

The President, the Secretary, and the other members of the foreign policy team have laid forth an ambitious mandate. I am confident that, with the right strategies, resources, training, and tools, we will build the capacity to deliver on that mandate. We face a broad array of challenges in the months and years ahead. President Obama and Secretary Clinton have a clear commitment to building a strong foundation for a successful foreign policy. I am grateful for their confidence and trust, and eager to get to work.

Thank you very much, and I look forward to answering your questions.

[The prepared statement of Mr. Lew follows:]

PREPARED STATEMENT OF JACOB J. LEW

Thank you very much. It is my privilege and honor to testify before the distinguished members of this committee. To echo Secretary Clinton's sentiment, I hope this is only the beginning of what will be a close and collaborative relationship.

I am delighted that joining me today are my wife, Ruth, and my daughter, Shoshana. Together with my son, Danny, who could not be in Washington today, my family has always supported my involvement in public affairs. The sacrifices of public service often fall on the people closest to us, on whom we rely so heavily. I am always grateful to be blessed with a family that appreciates the importance of this work and bears the burdens with good cheer, support, and enthusiasm.

I also want to express my appreciation to President Obama and Secretary Clinton for their confidence in my ability to take on this new and challenging role at this new and challenging moment for our Nation. If confirmed, I look forward to working closely with my friend and colleague, Jim Steinberg, and I am eager and excited to be part of this team that will work to advance the foreign policy of the United States in the coming years.

With me in spirit are the people who are not able to be here today—in particular my parents, Irving and Ruth Lew, who taught me the importance of being involved in public affairs—and the late Speaker Thomas P. O'Neill, Jr., who for 8 years was both my boss and mentor as I gained invaluable experience in the policy and legislative process.

Growing up on the Hill I developed enormous respect for the institution of Congress and the Members of the Senate and House who fulfill its purpose. Mr. O'Neill lived by simple maxims, none more important than "politics stop at the water's edge"—that bipartisan consultation and cooperation are vital to our foreign policy. My commitment to both is sincere and it will be sustained.

In my work in the Speaker's Office, and then at the Office of Management and Budget, I had the opportunity to participate from a vantage point that cut across the entire Federal Government. In part because of that perspective, I have a strong view that we owe the American people performance that focuses on getting the job done, and that resolves questions—policy, procedural, and jurisdictional issues—in the interest of that goal.

So, if confirmed for this position, I will focus on getting the job done: on making sure the Department is well-coordinated internally and is collaborating effectively with other agencies and organizations, on spending smarter as we build capacity to execute against our objectives, and on delivering results.

In her statement and testimony for this committee, Secretary Clinton laid out the opportunities for leadership that America faces, and the strategies that this administration intends to employ in pursuit of those opportunities. The Secretary de-

scribed “smart power” which uses the full range of tools at our disposal—diplomatic, economic, military, political, legal, and cultural—so that we can effectively protect our security, advance our interests, and promote our values in the world.

Diplomacy is the first choice—which is why the President has committed to a foreign policy with diplomacy at the vanguard. If confirmed, I will concentrate on making sure that the President and Secretary of State have the tools that they need to pursue and accomplish our foreign policy objectives.

I pledge to work collaboratively to augment the Department’s capacities so that it can fully meet today’s challenges. This will not be simple and will require internal coordination, as well as close cooperation with the Department of Defense and the relevant committees on the Hill. But both Secretary Clinton and Secretary Gates have made it clear that we must enhance and expand our civilian capacity to do results-oriented, sophisticated, hands-on, diplomatic and development work. In Iraq, Pakistan, and Afghanistan, our Foreign Service and USAID professionals work on the ground to achieve our goals of supporting stable, responsible governance. Our civilian response capacity can lessen the burden on our military; and effective development and diplomatic work can avert the need for military engagement down the road, while protecting our interests.

I know that foreign assistance is of particular interest to this committee, as it is to the President and Secretary, who have pledged to increase our aid. Our support for development and good governance, and our role in defending human rights and alleviating suffering in the world, reflect our values and advance our interests. With limited resources and tremendous need, we must ensure that the return on our investment is significant and real. Across our foreign assistance programs we must use our resources effectively and efficiently; work collaboratively within and across agencies to reduce any overlap and to ensure that we have clear objectives for each initiative; and leverage the resources of international organizations, allies, corporations, foundations, and NGOs to maximize our impact. We must learn from efforts that have not succeeded, while bolstering those that are delivering results.

To achieve our foreign policy goals, we must focus on using our resources well. But we will also need additional resources. It is not possible to have the foreign presence that we need at current funding levels. There are not enough people or enough dollars to achieve our objectives. I pledge to work with the Congress to demonstrate that resources are used effectively, and to make the case for the additional resources needed to ensure success.

I look forward to joining the dedicated, talented professionals of the State Department who do the difficult work of conducting America’s foreign policy, often enduring hardship and great risk. I will be honored to be a part of their team. I recognize that every day, thousands of Foreign Service, Civil Service, and locally engaged staff work hard to advance our interests, so I will work hard in my post to further enable and empower them and their service to our country. The President, the Secretary, and the other members of the foreign policy team have laid out an ambitious mandate. I am confident that with the right strategies, resources, training, and tools, we will build the capacity to deliver on that mandate.

We will face a broad array of challenges in the months and years ahead. The decision to fill the Deputy role for which I have been nominated demonstrates President Obama and Secretary Clinton’s commitment to build a strong foundation for a successful foreign policy. I am grateful for their trust, and eager to get to work.

Thank you very much for the chance to speak with you today, I look forward to answering your questions.

The CHAIRMAN. Thank you very much, both of you. We appreciate your openings.

And let me just say, to the members of the committee, that we have a hearing next week. It’ll be the first substantive hearing of the committee, and I’m pleased to say that former Vice President Gore will be here. He will be the only witness, and we will have an introduction, if you will, for this committee on the subject and the urgencies with respect to global climate change leading up to the Copenhagen meetings in December. And so, I thought it would be important to establish a baseline on the road to Copenhagen. We look forward to that hearing. We’ll try to do the business meeting before that, so that we will resolve all the subcommittees and the full organization of the committee itself. I think we’ll be in a position to do that. And possibly on the budget. It depends on the

leadership. But, we'll certainly get the other pieces done. And I want to be able to consult with Senator Lugar on the subcommittee issue. I think we'll be in a position to go forward.

We'll do a 10-minute round. My hope is that we may be able to do this in one round. And I'm confident our nominees would be delighted if we did that. Let's see where we are. But, if people have other questions, we will do a second round, so I don't want anybody to feel constrained.

Let me begin the first round, if I can. Mr. Lew, the position of Deputy for Management and Resources has statutorily existed now since 2000. Secretary Powell chose not to fill it, believing that the Deputy and Under Secretary structure, Under Secretary for Management, allowed him to have a sufficient chain of command to effect what he needed to. I happen to support the filling of the position, and I think it's appropriate to be here, but I'd like to make sure that the reasons for doing it are the same as the reasons that the committee supports the position, and also understand how the relationship will work between the two deputies now, and the division of those responsibilities. So, perhaps you can share that with us.

Mr. LEW. Certainly, Senator, and thank you.

Senator Lugar actually made the case for this position quite eloquently in his opening remarks. The Department of State, historically, for very understandable reasons, has been pulled to deal with the crisis of the moment, and we, unfortunately, live in a world with many crises. One of the challenges of the State Department, historically, has been to concentrate on the institution-building and on coordinating the programs that really project the strength of our foreign policy. And the notion behind creating the second deputy position was to have somebody at the very highest levels of the Department for whom that's a full-time job.

Secretary Clinton has made the case, at this committee in her hearing, and certainly she's made it privately to me, that she views the building of the institution of the State Department as a paramount responsibility. The past number of years have been difficult years for the State Department, and there's a lot of work to do.

In terms of working as a team, Jim Steinberg and I have been colleagues and friends for more years than either of us care to remember, and I think that, first, there's more than enough work to do, and, second, the nature of the management team that Senator—now-Secretary—Clinton has put together will be a team; it will be in constant communication with one another; there will be no blurring of lines of responsibility; and that we'll bring all resources to bear and reach deep into the Department to accomplish the foreign policy goals of the President.

The CHAIRMAN. Well, I appreciate that, and I think those are strong reasons for doing it. Will you be responsible for actually formulating the budget, in essence, in—

Mr. LEW. My understanding is that, should I be confirmed, my responsibilities will include managing both the fiscal and the human resources of the State Department, and coordinating programmatic activities across the different areas.

The CHAIRMAN. And will there also be an Under Secretary for Management, as well?

Mr. LEW. Yes, there will.

The CHAIRMAN. OK. And your relationship will be, that person reporting directly to you?

Mr. LEW. That's my understanding.

The CHAIRMAN. All right.

Mr. Steinberg, let me turn to a specific policy area, if I can for a moment, and ask you about Afghanistan. I raised that issue in the final comments with the Secretary. Many of us are troubled that our policy is not as clear and as structured as it ought to be with respect to the real mission in country, and that there has been some mission creep, conceptual creep. And I wonder if you'd share with us, as you begin this journey, your view of exactly what that mission is and how you think the current strategy needs to be changed in order to meet it, if indeed it does.

Mr. STEINBERG. Well, thank you, Mr. Chairman. I think you've, obviously, identified one of the most important and urgent questions the President and Secretary and the entire administration is going to be facing. I think President Obama has made clear that he thinks that the issue of Afghanistan is central to our national security, but that it must be seen in a much broader context, that to see Afghanistan in isolation from its relationship with Pakistan and the broader regional challenges is to miss both the opportunities and the risks that are present in this particular area.

I think he's also been clear, as he was throughout the campaign, that we need to have a clear definition of our objectives there, that there has been uncertainty about that, in terms of exactly what we're trying to accomplish, what our priorities are, and how we communicate that to the people of the region, to our partners in NATO, and to the American people, frankly. There have been a number—

The CHAIRMAN. Yes, so I was just going to say, can you specify that a little bit?

Mr. STEINBERG. Well, as you'll appreciate, Mr. Chairman, since—what I was going to say is that, although the Bush administration has conducted a number of reviews, I think President Obama has already made clear that he wants to take a fresh look for himself, and that he wants to make sure that we have achievable and sustainable goals there, that there are lots of things that may be aspirational, but we need to understand what we can achieve. It's my understanding that there is an expectation of a very quick policy review, to be undertaken at the President's direction, to really define those objectives. And I think it would be important to give the President and the Secretary the opportunity to go through that exercise. But, I know they want to go through it with alacrity and be able to report back to you and to others just how they've decided to prioritize and how they're going to match resources to that.

I think, without taking a fresh look—frankly, without the opportunity, now in office, to actually have the kinds of dialogue and conversations that are not possible until you come into office, that it may be premature to try to overspecify, at this point. But, I think the need to establish those priorities, to discuss them with the Congress, to establish an agreed blueprint, and to match the resources to it, bringing together all the tools of our national

power, not just the military, but particularly the civilian, the economic, and the like, and diplomacy, I think, are quite important.

The CHAIRMAN. Well, I agree with that, and I'm delighted to hear that you're going to—I've urged both the Secretary and the President to conduct their own baseline analysis, because I think that is absolutely critical. You've got 30,000 additional troops going in there now; I think it's really important to understand—to know, with clarity, how their deployment may raise the stakes, or change them, as the case may be. And I think it's very important for this administration to have that clarity about how those troops are going to be used before they even begin to get on the ground.

The narcotics issue—I was just over there recently, and Helmand province, one province alone, is providing almost 90 percent of the opium use in the world. It is Taliban-controlled, fundamentally, and there's going to be a major decision that has to be made about whether or not that underpinning of all of the insurgency of the region is important enough to take on, and, can American troops do it? And what will the strategy be? So, obviously, those are all, I know, parts of your consideration.

Similarly, on Gaza and the current situation, I think every member here is greatly sympathetic to Israel's need to defend itself against years of rocketing that was seemingly unending. But, at the same time, the consequences have been to strengthen Hamas, weaken Abu Mazen, Fatah, and provide us with another difficult choice about the potential of a unity government or an isolation policy. Can you share with us whether that sort of essential decision may or may not have yet been made, as you folks now assume the mantle here?

Mr. STEINBERG. Thank you, Mr. Chairman. I think, as you know—and I think Secretary Clinton talked about this at some length with the committee—getting engaged in the Middle East is a very high priority for the Obama administration. This is something that President Obama emphasized during the campaign, the need for an active and, from the start, engagement from the United States, because there are so many risks for us there, and for our friends in the region, from the current situation. We've seen a bad deterioration, over recent years, which threatens Israel's security and threatens our own interests, in terms of a stable Middle East. I think we're all encouraged by the fact of the cease-fire, but recognize that, one, the cease-fire is fragile, and, two, without a broader framework, it's going to be very difficult to maintain a stability there that is in both the interests of Israel's security and the humanitarian situation.

I anticipate, Mr. Chairman, that the President and the Secretary are going to have something to say about this very soon, in terms of our strategy for going forward and our method of engaging. You'll understand that I don't want to, kind of, steal the lead on this one, but I think that it—you will hear very quickly about how important they see this as an opportunity now for the United States to show its intention to reengage, to recognize that we have a lot to contribute to dealing with the situation, and this is a vital moment. There is an opportunity, as a result of the cease-fire and the situation that's now emerging, to try to strengthen the forces of moderation there, to try to make clear that the efforts of Hamas

and others to try to destabilize the situation are not going to succeed, to work with Israel and the moderate governments of the Arab States in the region to really get this back on track. And this will be a top priority for the President and the Secretary.

The CHAIRMAN. Well, I know the President and the Secretary—I think an announcement's going to be made today, even, with respect to it, and I won't steal the thunder on it, but, I think—we're delighted that that is going to begin, from the beginning. Now. I think it's really important that that happen.

Also, is your Under Secretary, on proliferation issues, going to deal with START? Are you going to have a special negotiator who's going to be appointed with respect to START? Do you know, at this point?

Mr. STEINBERG. Mr. Chairman, we've had some discussions about that. I think, because we haven't got a nominee up before you yet, I think I'd want to be a little bit careful about that. But, I can say, more generally on START, that we see a real opportunity there, that this is something—first of all, there's a time urgency about this. The agreement is expiring. And so, we need to address that. But, more importantly, as you and Senator Lugar identified, dealing with this issue of arms control and nonproliferation is of critical importance, it's an area that has been neglected in recent years. Our commitment to arms control as an element of overall U.S. strategy has not been, to say the least, at the forefront. And I think you will see, in the appointees that the President and the Secretary are coming forward with, people with demonstrated experience and commitment on these things, and seeing not only as an opportunity to reinvigorate this agenda, but also, frankly, as an opportunity to try to think about new ways of engaging with Russia in a more constructive way to deal with some of these problems. So, I think, again, without trying to see exactly whose portfolio it is, I think there'll be no doubt that you'll see that we understand the need to move very quickly on this. And, if confirmed, I intend to be part of it, but we will have a number of officials who have specific mandates to take that on.

The CHAIRMAN. Well, my time has expired, and I want to honor the times here, but let me just make two quick comments.

One, I'm delighted to hear that there will be increased focus—and we serve you notice that this committee is going to be intensely focused on this issue. We've spoken about the possibility of getting down to 1,000 warheads. I think our leadership on this is critical to our bona fides with respect to Iran, North Korea, and the rest of the world. If we can change those dynamics in a very public way, I think we have a much better chance of being successful in achieving the goals we want. So, we're going to work with you. And those will be early hearings of this committee, because, of course, the START process needs to start.

Second, just one caution. With the added layers of Under Secretary, Deputy Secretary, et cetera, one of the things, I know, that matters over there, and makes a difference to the morale and the effectiveness of the State Department, is not to have a walled-off 7th floor. And I urge you to work as hard as possible to make sure that people are included and that junior officers somehow are brought into a process. I think Secretary Powell was effective at

that, and I think it flows down so that the work product, overall of the Department, strengthens as a result.

Senator LUGAR.

Senator LUGAR. Thank you very much, Mr. Chairman.

Mr. Steinberg, I echo the chairman's thoughts that it's reassuring that you're on top of the START treaty negotiations, the timeframe, the relationship with Russia. I would just say, parenthetically, as we discussed this with Secretary Clinton during the hearing, during my travels to Russia in December, I was impressed with the fact that this is an opportunity. And Prime Minister Putin's congratulations to President Obama were interesting, in that this was the first point that he took up as to how there might be more communication. I think that in President Obama's speech at the inaugural, in which he talked about, sometimes, authoritarian troubled regimes and so forth, the opportunities to find those touch-points were important, and this is one of them.

I want to start, however, by asking you about media reports that the Obama administration is considering a number of special envoys to international issues and disputes. And that is probably a good idea, but will you and the Secretary commit to keeping this committee apprised of the work of the special envoys, including having those envoys testify before our committee in appropriate cases?

Mr. STEINBERG. Senator, as I observed with the chairman, we'll obviously hear a little bit more, I think as early as today, from the President and the Secretary on the specifics of these positions. And the Secretary understands how important it is to keep that line of communication open with this committee. I think that, in terms of the specific modalities, we want to work with you and the committee, but I think there is a very strong commitment to make sure that you're fully apprised, that you're fully briefed on these activities, and there is an opportunity for good interchange there. We'll certainly work with the committee to find what those modalities ought to be.

Senator LUGAR. Well, that would be very helpful, I think, in terms of our success in working together and following through on some of the ideas the envoys may bring back that need action.

Mr. Lew, broad question, but do you believe the State Department currently has sufficient personnel, with appropriate training, skill sets, resources, to effect the necessary work of advancing our interests around the globe as you perceive that? And, in the event that you do not, are you able—or will you be able to identify specific areas of urgent concern? In other words, as you hit the ground running, there may be at least three or half a dozen situations in which it's imperative that something happen, and you may need our assistance, and vice versa.

Mr. LEW. Senator, as I've gone through conversations in preparation for this hearing, I've developed a very strong sense that the Department does not have the resources that it needs. And it goes back a number of years; it's not just in the last 1 or 2.

I want to begin by saying that I start out most impressed by the quality of the people that we have in the Foreign Service and in the civil service, and in the locally engaged staff. So, we may not have enough people, but we have a lot of very good people.

I think we owe it to them to give them the resources that they need so that we don't ask, for example, 1,000 AID Foreign Service officers to cover the whole world at a time when some regions, like Iraq and Afghanistan, have enormous demands. We're spreading a very small group of people very, very thin. They're dedicated, they work hard, but it's just not realistic to think that they can be everywhere at every time.

We're going to need to grow the Foreign Service and the civil service over time. It's not a 1-year decision that we go from where we are to where we need to be. I look forward to working with this committee to identifying the areas where the needs are greatest, where we can work collaboratively to get the resources. I am very cognizant of the difficult financial times we're in. There are probably few people more sensitive than I am to what it means to face the current deficit. But I would argue that it is very shortsighted if we don't look at the challenge we have, in terms of pursuing our foreign policy interests, and notwithstanding the fiscal conditions, invest in building the foreign policy institutions that this country needs, and the new President and the Secretary need, to effectively implement that foreign policy.

If we look at some of the areas where you've taken a leadership role, in terms of civilian response, I've been very impressed at the thought that's gone into developing an approach to a civilian response capacity. I look at the numbers, and I look at the world, and the two don't match. They're just not big enough. We have to have a broader imagination if we're really going to successfully shift responsibilities back to the civilian side.

Senator LUGAR. Well, I appreciate your comments. This is something in which, literally in a bipartisan team effort between our committee and our counterparts in the House and Secretary Clinton and you, we're going to have to move to correct. We had a celebration, at one point in the last administration, when Secretary Powell announced the Foreign Service exam would be given again. It had been stopped, unbelievably, for years, with nobody coming in. And you face that problem now, just in terms of the age, types, and so forth, as you move through the personnel of the Department. So, we finally started taking in some people for Foreign Service, and we've been moving glacially.

But, I would just say, parenthetically, one time Secretary Albright called me to ask if I had a word with former President Clinton, it would be very helpful for him to have his own OMB, sort of up the ante, because, she said, "It'll be sliced as soon as it comes over to the Congress, sliced again in the second House and in conference. If it doesn't start big, why, woe for me." And, nevertheless, we go through this each time. But, it's critically important, because people don't understand the capacity that is there, how big the world is, how many—150 countries we have to deal with.

Let me just ask, specifically, in one particular thing. We succeeded, in this Congress, or last Congress, at the Energy Independence Security Act, requiring the creation of a Department of State Coordinator for International Energy Affairs, that I touched upon in my opening remarks. Rather than appointing a full-time coordinator, per our expectations, the administration chose a dual hat under the Under Secretary of State for Economic Energy and Busi-

ness Affairs. And thus, the person dealing with energy issues remains the level of office director.

Now, hopefully we will do better. Either energy is important or is not. If, in fact, it is down in the bowels of the Department somewhere, not to appear very frequently, we are not going to make an impact in the State Department on the issue. Now, maybe somebody else will. But, once again, sort of back to some of the basic issues. What is your general feeling about that position?

Mr. LEW. Senator, we've looked at the organization of the State Department, and if confirmed, take office, we'll get deeply into the specifics of each of the positions. But looking at the organization of the Department's resources to deal with economic issues, energy issues, climate-change issues, would clearly be a matter of high importance to the administration. These issues are very significant issues for the United States and the world.

I would ask my colleague perhaps to comment specifically on this, as well.

But the Department is organized, in general, in a way that things are separated that often should be brought together through a team that talks across the Department. As much as the level at which things are situated, in terms of the personnel, we have to make sure that the right issues are elevated to the very top of the Department for collaborative discussion and action.

Senator LUGAR. Let me just elaborate for a second before I ask you for your comment.

Last summer, I traced a path around Europe looking for the Nabucco Pipeline. This is not the first time in which Europeans have thought about the fact that they would be hit if the Russians cut off the gas. Now, this is a question that could bring about, not disintegration of NATO, but already has been visited in Brussels. There were great divisions between the Baltic States—Poland, Hungary, for example—and Germany, and France, on these issues, and no possibility of a grid or a way to trying to solve this problem.

I had the feeling America was more interested in the European situations than most European governments, guarding their sovereignty and in their rivalries. Now, this is so divisive with regard to NATO and the EU, it was perfectly apparent. Boyden Gray was finally sent as a special emissary. I met with him as I traveled along at various points, trying to get the Turks interested in the situation, quite apart from the Azeris that have the gas.

Now, these are critical issues. This is not a subordinate issue somewhere down the chain. This is why I sort of press this energy coordinator. You don't need an Under Secretary of Energy, but maybe it would be helpful if it finally elevates the fact this is absolutely vital to the success of our alliances, as well as to the security of our friends there.

But, with all of that, now, do you have a further comment?

Mr. STEINBERG. Thank you, Senator Lugar. I think you have—and for a long time—have really drawn the attention of the country to these issues. And they really are central.

President Obama talked a lot about this in the campaign. There is an opportunity here—as chairman, I applaud your efforts to bring the climate-change issue to the forefront, but there is a synergy between these energy security and climate issues, which,

again, offers a great opportunity for us. And I think these are very much at the center of what the President and the Secretary hope to do.

I would say, parenthetically, that when I teach courses in policy-making, I like to use the pipelines as an example of how these different elements intersect, and how economic and security and other issues all come together and develop an integrated strategy that understands all these different elements.

I had the privilege, during the Clinton administration, to work very extensively on the Baku-Ceyhan Pipeline issue—

Senator LUGAR. Yes.

Mr. STEINBERG [continuing]. Which was another example of our trying to see, in a more strategic way, how energy not only meets the narrow economic needs—but, I do think we have a critical need to engage better with our European allies, in particular, to develop an integrated strategy, because if we don't, this could become, not only very divisive, but could have very serious consequences for the alliance.

Senator LUGAR. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Lugar.

Senator Dodd.

Senator DODD. Well, thank you very much, Mr. Chairman.

And my apologies to the committee and to the witnesses for not being here at the outset of your testimony.

Let me also take advantage of the moment to welcome Jeanne Shaheen as a member of the committee, and Ted Kaufman, who I've always felt has been a member of this committee for the last 25 years, in a sense—

[Laughter.]

Senator DODD [continuing]. He's not moved up in the seniority seats very well, though. And Roger Wicker and Jim Risch, as well, from Idaho, has joined our committee. So, we're delighted to have them as new members of the committee.

And I know these comments were made by the chairman and Senator Lugar and others; we're very fortunate, indeed, to have two people of extreme ability and talent joining this administration, who have been involved, as, Jack, you pointed out, for many years, going back to the days of Tip O'Neill on the House side. A long history of solid experience on these issues are tremendous, and several of them, the major ones, have been discussed by the chairman and Senator Lugar.

I'll ask consent, Mr. Chairman, to have some opening comments put in the record.

The CHAIRMAN. Absolutely.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF HON. CHRISTOPHER J. DODD,
U.S. SENATOR FROM CONNECTICUT

Thank you, Mr. Chairman. I would like to join my colleagues in congratulating both of you on your nominations. I have no doubt you both will do a remarkable job.

As President Obama stated in his inaugural address, we are currently facing some of the biggest international challenges the United States has seen in over 50 years. We are waging simultaneous wars overseas. The global economic downturn has inflicted serious and wide-reaching damage, from which no nation is immune. Our

own prestige, influence, and elements of our “soft power” have been questioned. As we discussed in some detail during Secretary Clinton’s hearing last week, the recent violence in Gaza, the threat of terrorism and the proliferation of weapons of mass destruction continue to cast a dark shadow over global security.

The term “smart diplomacy” is now nearing cliché, but it accurately captures what I believe we need to do. We can find opportunity in the daunting challenges we face in the coming years if we assume a global leadership role centered on smart and strategic diplomacy. In fact, it is essential to fully meeting the threats we face as a nation. And I’m excited to have a President who shares this view.

I believe the question is not whether we will meet these challenges—no one should doubt for a second our commitment to our interests and ideals, our strength, and our resilience—but rather how we do so.

That starts, in my view, with getting our own house in order—and that must start with ensuring that the State Department steps up to the challenges. We need a State Department that it is committed, empowered, and resourced to do the job. It also means that if we hope to re-orient and refocus American foreign policy, we must recognize and draw upon one of the greatest assets we have: the dedicated Foreign and Civil Service personnel who make up our diplomatic corps and lead our foreign policy apparatus.

Revitalizing the State Department is no small task. It is an extremely important, and I am pleased to see that President Obama has seen fit to nominate a candidate of your extraordinary experience, Mr. Lew, to serve as Deputy Secretary of State for Management and Budget. Every element of your massive portfolio is vital to the effective deployment of the Department’s precious resources, continued improvement of personnel, and overall modernization.

I am also delighted, Dr. Steinberg, that the President has nominated a man of your extraordinary intellect and vision to play the crucial role in policy formulation and implementation of the Deputy Secretary. The State Department’s keen awareness of our national interests, of the policy options we have for protecting and promoting them, and of the appropriate U.S. leadership around the world depends on the exactly kind of sharp intellect that you have demonstrated throughout your career.

As I’ve discussed with Secretary Clinton, I believe that, we need to rebuild our friendships and alliances, to develop a coherent and comprehensive strategy in Afghanistan, and better engage with Russia and China, as well as bringing the full weight of the State Department behind upholding human rights and the rule of law through the world. I also believe that we must take advantage of a historic opportunity for the United States to fundamentally change the tone and nature of its relationship with Latin America, including a better partnership with major players in the region such as Mexico and Brazil, and a serious reevaluation of our policy toward Cuba. I look forward to working with you on these and other important international issues.

I would like to congratulate both of you again on your nominations, and I thank you for your testimony today. I look forward to our conversation and to working together in the future.

Senator DODD. But, the point that you made, and I think Senator Lugar was talking about it, is the personnel issues. When we go down the long list, obviously, Gaza and Afghanistan, Pakistan, arms-controls these issues are dominant. But, in my view, in the end it all comes down to personnel—good people who are willing to reach out and listen to people up here, as well as others, and framing policy positions that will advance the interests of our country. So I’m particularly pleased you’re focusing on this issue.

And, with that in mind, let me raise with you, Jack, the issue of contracting, because I think it goes to the core of some of the issues that have been raised by Senator Lugar and Senator Kerry, the chairman. There has been an extraordinary jump in contracting out, and filling gaps all at great cost. It is not uncommon to find civil servants leaving the Department and then coming right back, at a substantially higher cost to the American taxpayer, through contracting. I wonder if you might comment on that policy and what ideas you bring to that debate or that discussion.

Mr. LEW. Senator, I think across the Government, and in the State Department, the movement toward contracting out has kind of gone to an extreme that needs to be pulled back. There are some functions that are core governmental functions that shouldn't be contracted out, there are others that are appropriate to contract out, but only with supervision by full-time government employees.

The ratio now of full-time State Department personnel to contractors doesn't permit that to be properly done. We need to now evaluate which of the categories are appropriate to continue contracting in, which are not. And where it's appropriate to continue contracting, we have to make sure that there's appropriate supervision within the Department. And I view that as a high priority.

Senator DODD. I'm assuming you'll keep us posted on that. I think it goes to the heart of these other questions. And I'm not suggesting contracting ought to be banned in any way at all; obviously, it can be a very valuable way of attracting people, on a temporary basis, to fill gaps. But, the point that Senator Lugar has made—and Senator Kerry has made—if we're going to do this job, we can't sit here and wish this problem away. So, I'll be very interested in how we proceed, as one member of this committee.

Let me also raise with you another matter. A bipartisan policy advisory group convened by our committee last year analyzed and briefed Senator Lugar and myself on a series of recommendations on how our aid programs could be improved. They were very, very worthwhile meetings. They covered how foreign aid can be made more efficient, better integrated with strategic objectives, better deconflicted among foreign aid agencies and the like. I must say, I was very, very impressed with these conversations, discussions, and recommendations.

And, Mr. Chairman, if there's no objection, I'd like to recommend that the committee staff brief Jack Lew on those meetings—they were very worthwhile, I think Senator Lugar would agree, on a range of proposals the advisory group discussed.

I wonder, in the meantime, if you might share with us some of your ideas on how aid programs could be improved. This is a critical component, in my view, in the world in which we live today. And I know you've given it some thought, but any additional ideas you could share with us at this moment.

Mr. LEW. Senator Dodd, I share the commitment that President Obama and Senator Clinton bring to the aid programs, and to the development programs in general. And I look at the array of programs that we have, and I see a crying need for more analysis and more coordination.

I've had some familiarity with the report that you refer to, and I've seen a number of other serious studies that were done in recent years. I think we need to make a very first order of business to look across the development programs and ask questions about what's working and what's not working, and use the authorities that we have and the resources that are available to begin to coordinate them to make them more effective.

A lot of these programs are different at their core, but they overlap on the margins. We've made an enormous amount of progress dealing with HIV and malaria through the PEPFAR program. But, at the edge of the PEPFAR program we are building the same in-

stitutions for local health care, basic health care, and basic economic development that are at the core of our AID program. I start out with a very simple notion, that each of these programs is important, it has an identity that we have to respect, but, ultimately, we go overseas and we represent the people of the United States, the Government of the United States, we have one flag, and we ought to be working together, as much as possible.

I don't think we'll get to a place—or should get to a place—where we eliminate the lines between programs that are very effective. What we need to do is find the points of cooperation and collaboration where we can to do things more effectively, more efficiently, and if we're in the same place, with common supervision, but it may not be possible in many cases. When you're in a remote location, you can't be tied to somebody at an urban embassy or consulate, but we have to ask those questions, and we have to demonstrate that we're doing things as efficiently as possible.

I have a very strong view that the investment in aid programs and development programs, in the long run, is the way that we leave a mark on the world about what America's values are, what our aspirations are, and the kind of partners we can be. We need to put very, very serious attention into doing as much as we can with the resources that now exist, while working together to increase the resources so that we can perform more of those functions effectively.

Senator DODD. I appreciate that very much. I don't know if Senator Lugar remembers as well as I do that someone showed us in that briefing an organizational chart that was so confusing, it was the kind of thing that, you take one look at it, and it's just startling to you. It looked like someone had dropped linguini or spaghetti over the chart. [Laughter.]

There were also many lines that just were terribly confusing. And your point, that obviously this could be made far more efficient, far more effective, and, I think, do us all—and the countries and people we're trying to help—a substantial amount of good.

Let me shift and just mention, in the context of personnel issues, language. Paul Simon, who we served with here, or some of us did, years ago, wrote a book called "The Tongue-tied Americans," talking about our lack of language ability. And to me, this is inexcusable in the 21st century.

Mr. LEW. Absolutely.

Senator DODD. There are much better ways in which people can learn language skills. And the idea that the United States cannot send people abroad to serve our interests, and can become familiar with a language, has just got to stop. As long as I live, I'll never forget our public advertisements for Arabic speakers immediately after 9/11; the idea that we couldn't even talk or listen effectively is just disgraceful. So, I hope, whatever else the differences are, that we really do recruit, train, and aggressively pursue, and insist that people like Ernie Duncan, the new Secretary of Education, begin talking about language training in our elementary schools in this country.

Mr. LEW. I couldn't agree with you more, Senator Dodd. And I remember, quite a number of years ago, when Jim and I were both members of the Deputies Committee at the National Security

Council, being shocked at the numbers, when I saw what the shortfalls were, in terms of foreign-language speakers that we needed to perform, minimally, the functions that we already had identified. That was over 10 years ago, and we have not made enough progress. And I think you're exactly right, you can't start with 20-year-olds, you have to start at the elementary school level, and we have to have enough imagination to staff not only for today, but to think about tomorrow and the future, and to work collaboratively across the government to try and really address this problem.

Senator DODD. Well, I thank you.

Dr. Steinberg, quickly let me raise a strong interest of mine over the years, Latin America. I've spent a lot of time on these issues. And while it is not as dominant a set of issues, obviously, as we face elsewhere, it's still tremendously important. This is our neighborhood; this is not our backyard. I resist that language entirely. It's offensive to the people of this hemisphere to be considered the backyard of this country. They're our neighbors. The MERIDA program in Mexico is tremendously important. This last year alone, Mexico lost 5,376 people to the drug wars, out of which 505 were law enforcement and military personnel. Nearly 6,000 people. Imagine if that occurred in this country, the reaction we'd have. Bob Corker and I were there together, only a few months ago, and this was the subject matter all weekend, especially how we could improve the program.

The Chavez problem is an issue, and how we're going to address this in the region, is critically important. Also changes are coming in Cuba. And some of these subject matters are becoming so politically charged, we can't even have a healthy conversation about them. That's got to change, in my view, if we're going to speak, I think, to the vast majority of people in the hemisphere who would like to see us reassert responsible leadership in the region. There are wonderful new leaders emerging in Latin America who we need to pay as much attention to as those with whom we have significant disagreements.

I wonder if you might just take a minute or so and give a general kind of view of how we're going to work in this region differently than has been the case over the last several years.

Mr. STEINBERG. Thank you, Senator. And I think everyone recognizes the leadership that you've shown on these issues over the years, and the commitment that you've made. And I do think there's an enormous opportunity here. I think that there is a sense that there are potential partners here, which we've long seen, going back to the Alliance for Progress and then—during the Clinton administration, the creation of the Summit of the Americas—as a way of developing a new kind of partnership with a very mature and very dynamic region that offers great possibilities as a partner for the United States on political issues, on security issues, on economic issues, on dealing with problems of terrorism and national security, as well. So, there are—great potential there. And yet, without tending, this is not going to happen. And we see others trying to compete with us, spending a lot of time there, not only leaders like President Chavez in Venezuela, but from outside the region, and the attention that China, for example, has showered on the leadership there, and spending the time, including the very

senior leaders. So, if we're going to have an effect and build this partnership, we have to be present, and we have to be present at the highest levels, we have to be present with an imaginative and positive agenda, rather than just attacking those we disagree with, but really offering something better. I think there's an opportunity, as early as this spring, with the next meeting, the next hemispheric summit—

Senator DODD. Right.

Mr. STEINBERG [continuing]. I think we can present a new image there. I think it was significant that the President, while he was still President-elect, chose to meet with President Calderon to recognize the importance of that relationship. As a resident of a border State, I really appreciate how profound our stakes are in his success and the Mexican people's success in dealing with this terrible wave of violence linked to the drug trade. But, if we—we can't see this in isolation; we have to build a broadbased partnership with Mexico, with the other leading countries in the region, which look to the United States to provide this alternative vision.

So, I think there is a sense of yearning for new partnership of new engagement. I think it's incumbent upon us to find imaginative ways to do that, both by demonstrating that it matters at the highest levels and also for creative ideas about how to build that partnership on economic issues, on narcotics issues, on immigration, and all the issues that go into building a rich relationship for the hemisphere.

Senator DODD. I thank you for that. My time is up, but let me mention something. Obviously, Mexico is terribly important. But Brazil is as important. And it's very important that we, early on, establish this important relationship. President Lula has been a very, very good supporter of the United States in many areas. That shouldn't be forgotten; I'm sure you haven't.

And last, in the same sort of context, I hope that we're looking at people or, ambassadorial posts and other positions who really are knowledgeable about the region. It'll be very, very important that those signals get sent, that we don't just rhetorically care about this part of the world, but that we're sending our best people, who can bring a level of understanding and knowledge to the region, as well. And I thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Dodd.

Let me just quickly make one point, following up on Senator Dodd. For the 25 years I've been on this committee, I have heard Senator Dodd, other Senators, raise this issue of language. And we have heard former Secretaries, Assistant Secretaries, Deputies, et cetera, sit here and say, "Yes, we need to do something." I've heard this in the HELP Committee and elsewhere, people have talked about language. I hope, finally, we're really going to do something about it, because it's just—it's stunning, really, the—almost—it's a kind of arrogance, maybe, or something, on our part, that we don't think we have to—but, we just don't know countries or understand them as well and do as well unless we can show a greater respect and have a greater language capacity. So, I think Senator Dodd has raised a very, very important point. We'd urge you to do that.

Several of us are going to be going to Brazil during the February break, precisely to make the point that Senator Dodd has just made, about how important it is to renew that engagement in that part of the world.

Senator Corker.

Senator CORKER. Mr. Chairman, thank you.

And I think the line of questioning and comments has been very good. And certainly I welcome the two of you here. It's great to see two young, bright people, if you will, getting ready to lead this Department in the way that you are, that actually like each other. And I hope that's the case 4 years from now, that you continue. [Laughter.]

You know, to follow on the questioning regarding foreign assistance, the seeds of me being here probably began years ago with a mission trip. And I do think the things you have said about our foreign assistance representing the values of this country, and the importance of that, all are exactly dead-on. I also have seen, on this committee, a situation where, you know, every trip that's taken, someone comes back with a great idea on how to authorize foreign assistance. And what really happens is, we authorize numerous things, and then the Appropriations Committee, in essence, decides. And I think that makes us much less effective as a committee, because, in essence, we have this plethora of things that somebody else really decides as to whether it's important or not.

But, Senator Clinton, when she was here—now Secretary—mentioned that she was willing, during the first 6 months of her time, to really look at foreign assistance, to look at this spaghetti that's been talked about, and really narrow it down in a way that makes what we do much more focused. And I don't know if you heard her say that, but I hope that you'll be committed to that same thing, and actually come back to us and really help us to understand what you believe is the most effective way for our foreign assistance to be given.

Mr. LEW. Senator, I did hear Secretary Clinton's remarks, and agree with them, as I think you would expect, 100 percent. I would actually make the following pledge to this committee. I would like to work closely with you—we would like to work closely with you—and with the appropriators, and we would like for this effort to look across all of the development programs, to be one that's a bipartisan conversation between us. And, in the end, hopefully we'll be able to perhaps move away from a world where committees of the Congress and Members of the Congress don't feel as connected to some of the decisions and programs that are made at the State Department.

There's not enough money for it to be heavily designated in advance and still to have enormous flexibility in running the program. So, I think it's just incumbent on us to have that conversation be an effective one so that we can use the money as effectively as possible.

Senator CORKER. And I think that may even include some deauthorizing, to really get a little bit more focused.

One of the things that I've seen recently in Africa is, PEPFAR obviously—that's where the money is today, let's face it. And, like anything—you mentioned some of the USAID efforts—how some of

those overlap. I've seen efforts by good people, for good reason, because that's where the money is, to basically take our PEPFAR program and—because poverty and lots of things create the whole epidemic of AIDS, if you will, then all of a sudden microloans and all kinds of things come under the PEPFAR umbrella. And I hope that—and I understand why people would pursue that, because, again, that's where the money is, but I hope that you will help restore integrity, if you will, so that, look, if we need moneys for microloans or whatever, then moneys are there, that we're not really playing games with the programs that we have underway. And I think—you understand what I'm saying, don't you?

Mr. LEW. Senator, I understand what you're saying. The PEPFAR program has made enormous strides dealing with the critical problems of addressing HIV and malaria. There are obviously aspects of dealing with that problem that go beyond providing retroviral drugs. And I think it's important that, as we look at these programs, we continue, as I indicated earlier, to ask the question, Are we putting our resources against the problems that are most urgent? I must confess that it matters less to me whether a dollar is spent in a program that's called A or B than that the dollar go for the purpose that we all agree is most essential. And I think working with the authorities that we have, our challenge is to get the dollars to the places where they can be used best and direct it to the problems that are most urgent. And that's why I think we need to coordinate across all the programs.

Senator CORKER. And I think what you've said is exactly dead-on, and I appreciate that.

One of the things that—you know, most Americans look at what we do here, and they think there's—for good reason—a lot of politics involved in appropriations, and, you know, much of that bothers them. What doesn't really meet the eye, unless they focus on it is, candidly, a lot of our foreign relations efforts are hampered sometimes by various interest groups here in Washington that basically keep us from doing things that make common sense, if you will, in foreign relations. I'm obviously intelligent enough not to identify those today at the podium. But, just as—you know, as Assistant Secretary of State, Deputy, working with someone who obviously has the political antenna, and someone that I support heavily—I think she will do an excellent job—how do you balance putting forth a good policy, if you will, to the Secretary, knowing that we have these issues that sometimes keep us from doing what is in our own self-interest because of special-interest groups?

Mr. STEINBERG. Senator, I think it's—obviously, the constituencies that we have in this country—and, in some respects, they're a strength, because they care about American foreign policy; they give a level of engagement, which is quite important. And I think it is—it is important to have that conversation so that the American people understand why we care so much about what happens abroad, and sometimes these constituencies really do have ties and information and access. So, I think they are an important part of the process. We need to have a dialogue about it. And I think we need to be open about different ways of achieving these objectives so that we can make sure that we understand and we're responsive to the various people in our constituencies and our polities about

what's important to them, and frame that in terms of a broader national interests. I think that is the obligation of both the executive branch and the Congress, to try to find ways to both be responsive to our constituencies, but also to be educators, as it were, to talk about what the national interest is, to try to frame that in that way, and to advance the conversation.

I think there is a bully-pulpit side that elected officials and appointed officials have to undertake. And I think one of the great strengths of both our President and our now-Secretary of State is that they are going to be effective in communicating, not only to foreign constituencies, but to the American people, about how to have that broader framework and how to embed these particular interests in a broader set of conceptions.

Senator CORKER. Let me step down from that and—we—Senator Lugar spoke to the long-term issues that you will be focused on, and I could not agree more with the comments that he made. I look at the issue of food aid around the world, and, candidly, you know—and we have a farm lobby in our State, too, but I look at what we do in that regard, and, in essence, including expensive transport—we ship foods all across the world, when, in essence, if we would help, on the ground, people in those countries provide their own food, and learn how to grow it and do the things that they need to do, we'd be much better off, longer term, as it relates to those countries having stability and strength. And yet, that does not occur. I wonder if you might speak to that.

Mr. STEINBERG. Maybe I can speak briefly, and then Jack probably wants to comment, as well.

I think the food security issue is really one of the most critical issues we're facing now. I think we've learned, in just this recent crisis that we experienced just a few months ago, that we've, I think, come to take for granted too much the—sort of, the benefits that were achieved with the Green Revolution, generations ago, and recognize that there is great fragility. It also relates very much, as the chairman knows well, to the whole question of climate change, which could have a potentially disastrous impact on food security in many of the most vulnerable parts of the world. So, this is something we can't take for granted.

There's an important meeting going on in Madrid, I think as we speak—I'm not sure of the exact dates now—but there's an opportunity to have a better global strategy to deal with the problem of food security. And the United States has a critical role to play in that. It's important, in terms of our being able to help countries develop a long-term strategy that isn't just the humanitarian and crisis-related strategy, but, rather, one that deals with some of these long-term issues, some that has to do with basic research and science to develop new crops, new techniques to take advantage of that, some of it is a better global partnership, to work with other countries to do this. And if we don't see this in this broader framework, beyond simply responding to the crisis of the moment, then we're going to miss both more effective ways to solve the problem, but also, frankly, we're going to find that a lot of countries that we care about are going to be subject to a lot of instability, it can cause problems for us in the political and the security side, with terrorism and the like, and conflict which comes as a result of food

scarcity. So, I do think we need a broader and more urgent framework that looks, over the long term, that identifies where these vulnerabilities are, and has a strategy that's not going from immediate humanitarian crisis, from famine to famine, but, rather, looks at how we develop a more sustainable approach.

Senator CORKER. I thought Senator Lugar's comments about energy were dead-on. And I just came from Russia and Ukraine and Azerbaijan, and it is amazing to me that the European Union seems to care less about their energy security than we do. It's an amazing thing to witness. And obviously, the whole issue of pipelines going into Europe would be beneficial to us. OK? I think, very beneficial to them. At the same time, there is this sort of pull. You know, you don't want to irritate Russia, and that's obviously what the European Union has been opposed to do.

Just as a question—I know my time is up, but—should our emphasis be on working on these major pipelines, from countries that were formerly part of the Soviet bloc that, in many ways, have embraced democracy and are really trying to cause themselves to be much stronger, independent countries, or should it be through engaging Russia, in causing them to be “better actors,” if you will, as it relates to energy itself?

Mr. STEINBERG. Senator, you probably won't be surprised to hear that I think probably there's the element of both to the overall strategy. That is to say, it would be advantageous to have a relationship with Russia, where it felt a stake with others. There are benefits to interdependence, as well as costs. And I think the strategy is, one the one hand, to provide Russia with reasons to be a more constructive actor, to understand that, by acting more constructively, it advances their interests. They have a tremendous economic stake in their energy resources. And if they behave badly, then people are going to diversify away from them. And, in the long term, that will hurt Russia and Russia's own economic development.

So, I think we have to have choices. As I said, having worked on Baku-Ceyhan, it's been something that I personally have felt very strongly about, that as a part of a global strategy, quite separate from Russia, we need to, if not have independence, which is a very difficult challenge, at least to have enough diversity so that we're not vulnerable to disruptions, not only in oil, but also in gas. But also, to encourage all of the countries, the producing countries, to understand that it's in their sake to be seen as reliable rule-of-law suppliers, and who can then become partners for us. So, I think we have to work on both ends of that equation.

Senator CORKER. Mr. Chairman, thank you. And I look forward to working with both of you.

Thank you very much.

The CHAIRMAN. Thank you, Senator Corker.

Senator Feingold.

Senator FEINGOLD. Thank you very much, Mr. Chairman.

Let me start off by saying that, as this new administration begins to reassert our diplomatic strength and restore America's leadership abroad, I think it's clear that the nominations of James Steinberg and Jacob Lew are critical to that effort.

I expect Mr. Steinberg and Mr. Lew, if confirmed, will work closely—and with Secretary Clinton—to help rebuild the State Department so it can once again assume its role as our lead agency on the international stage. And developing smart, interagency policies, while also ensuring that the Department is adequately resourced is critical to our national security.

As we've seen over the last 8 years, without properly resourcing the State Department, gaps emerge that lead to fragmented and often ineffective policies. I'm pleased that President Obama and Secretary Clinton have decided to fill the Deputy Secretary position mandated to focus on resources and management. It sends a strong message about the central role of the State Department under the Obama administration. And, as I said, I'm very happy to be working with both of you on this.

And I understand that there has been conversation already about the lack of adequate personnel in this area, and I want to follow on that.

In 2006, then-Secretary Rice gave a speech at Georgetown University noting that, among the many goals of President Bush's transitional diplomacy initiative was the need to "hire and train new staff, move our diplomatic presence out of foreign capitals and spread it more widely across countries, working on the front lines of domestic reform, as well as in the backrooms of foreign ministries." And, while there was some programs on this initiative under the Bush administration, much more needs to be done to enhance the U.S. presence in places where threats to our national security exists or may emerge.

So, Mr. Steinberg, I'm interested, first, to hear your thoughts on how, if confirmed, you'd seek to bolster, shift, or expand U.S. diplomatic presence abroad. And, Mr. Lew, how will you seek to support this effort, in terms of distribution of resources?

Mr. STEINBERG. Thank you, Senator.

I think you've put your finger on something that is really critical for us, because I think if we're going to be effective in this move toward smart power, then we have to understand how we reprioritize our resources to be able to achieve that. And I think that there are elements that the committee and a number of your colleagues have been talking about already, about both the need to respond to crises, but also the long-term strategy, and that this re-deployment and refocusing is very much part of that long-term strategy. If we only think about the crisis of the moment, then we're not prepared as new challenges emerge. And we've seen this, time and time again, that issues that were not immediately on the radar screen don't get the attention they deserve.

I know of your interest in East Africa and Somalia and the like. During my previous service, I was the Deputy Assistant Secretary in the Bureau of Intelligence Research during the challenge we faced in Somalia at that time. And when I came to—I recognized that we had very, very little knowledge and presence in that Bureau and in the Department about Somalia. And yet, it turned out to be a place where we had great challenges and we needed to think about that.

So, the idea of looking forward and trying to out, over a long term, where our priorities need to be, how do we anticipate some

of these challenges, and then judge how we sort of assigned resources to take care of, not only those urgent current needs, but also those long-term challenges. I think that would be very important and part of a strategic planning strategy that I think the President and the Secretary are very committed to. And if confirmed, I look forward to being part of that.

Senator FEINGOLD. Thank you.

Mr. Lew.

Mr. LEW. Senator Feingold, I believe strongly that resources have to follow priorities. The decision of where we need to be and what kinds of skills we need have to fit into a comprehensive strategy. We were talking, just a few minutes earlier, about food assistance and about foreign languages. These are just a few examples of areas where we know we don't have the resources that we ought to be putting out into the embassies, into the nonurban areas. We need to train people to do things, like basic agricultural assistance, if they're not there. We need to work with our other Cabinet/agency partners. There are 20 government agencies that have resources that work in or through our embassies. We don't need to recreate the wheel, we need to cooperate with each other and make sure that we have enough Foreign Service, civil service, and locally engaged staff so that we can effectively coordinate the efforts that the United States puts on the ground.

It all begins with a strategic planning process. If we don't have a clear vision of what we need and what we want, we're not going to be able to make the right resource allocation decisions.

And we have to be able to look beyond this week, next week, or even next year. Some of these skills take longer to get out there, and to recruit the people, to deploy them effectively. We need to take a long view, and it doesn't mean we put off until tomorrow beginning to take action. There are some steps we'll need to take right away, but we have to pay attention to where we need to be 18 months and 2 years from now, as well.

Senator FEINGOLD. Well, my next question really relates very much to what you just said, and that's the—I think, our expansion of our U.S. diplomatic presence abroad actually serves a second purpose that is at least important as diplomacy. And the more I work on these issues, the more I travel different places, I realize it. And that is that more State Department officers in more parts of the world, and particularly outside of the capitals, increases our capacity to gather information that can be critical to our national security and is necessary to inform our foreign policy decision-making. And, of course, here I'm talking not just about intelligence, I'm talking about a much broader category of information.

Mr. Steinberg and Mr. Lew, what steps would you do to ensure that the State Department has the reach and the resources to increase diplomatic reporting, analysis, and relevant dissemination?

Mr. LEW. At a very fundamental level, we need to reach, not just into the building, but all the way into the field and make it clear that we have every intention of bringing the resources of the State Department to bear as we deal with these kinds of problems and challenges abroad, that we have knowledge in our embassies, in our consulates, about a range of issues, not just political issues—economic issues, scientific issues, cultural issues—that give us the

broadest understanding of what's going on in an increasingly global world.

Earlier, we were talking about the need to reach in and have junior officers be involved. That's something that I think we're all committed to, that we reach into the career Foreign Service, civil service, and involve people, when it's appropriate.

When I was OMB Director, I had the most junior policy analyst in a meeting with me, if they were the one who had the most information. I didn't do it to go around their branch chief or their division chief; I had them in the room also—but I always wanted the person along who knew the most. I found it sent a powerful signal in the organization, that we respected the work that people did, and I think it motivated people to work even harder, if it was possible, than they already did.

Senator FEINGOLD. Mr. Steinberg.

Mr. STEINBERG. Senator, I think that one of the—again, from my experience at INR, one of the things that I found was that, although we have a very strong intelligence community, that there is a tremendous resource of people who have lived and worked out in the countries that we're dealing with, and that, for a variety of reasons, the intelligence community is not always the best equipped to do that; they bring their own special skills. But, the Foreign Service officers, and also people from outside the government, are enormous sources of information and value, and we need to find better ways, in my judgment, to have more contact with people in the private sector, from the NGOs, from the business community, from universities, and the like, as part of our being able to touch and feel what's going on, on the ground.

I think we have to—we have—so many of the young people that I've been teaching at the LBJ School have lived and worked in these countries, and then they come into school; they bring a kind of experience and a ground truth which is often lacking from more formal channels. And so, I think we have to find ways, both with the resources we have, and creative ways of having more movement back and forth between government service and other experiences, to get that benefit.

Senator FEINGOLD. Let me follow, more specifically. One gaping hole in this process is the lack of strategies to integrate all the overt ways in which our government gets national security information, particularly from diplomatic reporting or that collected by the intelligence community. I feel very strongly about the role of the intelligence community. I'm a member of the Intelligence Committee, for several years, and that's, of course, incredibly important. But, until we fill this hole and identify who is best suited, across our government, to obtain the information we need to inform our policies and protect our Nation, we'll never be able to use our resources wisely or effectively. And that's why, in the last Congress, the Senate Intelligence Committee passed legislation, by myself and Senator Hagel, to create an independent commission to recommend ways to fix this longstanding systematic problem, and why a broad range of former officials, including national security advisors from both parties, have endorsed this legislation.

I'd like to ask both of you whether you'd support the establishment of an independent commission to recommend how the U.S.

Government as a whole can more effectively collect and analyze all the information we need.

Mr. Steinberg.

Mr. STEINBERG. Senator, as I said, I certainly believe that the mission that you've identified is a really important one. I'd like to take a look at the specific proposal, and obviously work with my colleagues, both at the State Department and others, to talk to you about what the best way forward is. But, I think it is a mission and an objective and a concern that you've raised which deserves our serious attention.

Senator FEINGOLD. I realize you might not be able to endorse legislation right now, but it would be very useful to find out soon, if you can, because this has passed the Intelligence Committee, on a bipartisan basis. I think it has a lot of support. So, the earlier we could move in that direction, the better.

Mr. Lew.

Mr. LEW. I think this is an area where, in principle, we all agree in coordination to the greatest extent possible, and if confirmed, we have to take a look at the details of it and get back to you.

Senator FEINGOLD. Thank you, Mr. Chairman.

Senator DODD [presiding]. Thank you very much.

Senator Isakson.

Senator ISAKSON. Thank you very much, Senator Dodd.

Mr. Steinberg, I was very impressed with our meeting last week. You are better than your resume, in person, and, in particular, I want to reiterate one thing we discussed. I think Senator Clinton brings—now-Secretary Clinton—brings exactly the good-quality experience that's going to make her a good Secretary of State of the United States. But, one of the things that was so clear was experience. And I questioned here, when she was here about how during the campaign, the issue of preconditions and negotiations, and particularly as it involved the Middle East. I was very impressed with your response on that subject in my office, but I hope with this newfound leverage that we have right now, and particularly in the Middle East, with the desire of the President to engage, and the critical issues following the Gaza incidents over the last month, I hope we will put meaningful preconditions that will put a stop to some of the root problems of the continuing violence.

Example: The Philadelphia Corridor out of Egypt into Gaza, where so much of the materiel has evidently flowed in and out of Gaza. So, I think preconditions, like insisting on the Palestinian Authority, or whomever else we may be negotiating with, stopping the root problems of violence from their side can help us get people to a meaningful negotiating table for a meaningful peace for both sides.

Mr. STEINBERG. Thank you, Senator. I certainly enjoyed our conversation, too, and thank you for the kind words.

I think, as you and I discussed, that, while President Obama has made clear that, with respect to trying to engage governments around the world, that there are circumstances in which he does not believe we ought to have preconditions. He made very clear that he does not think an engagement with Hamas is appropriate, because of their support for terrorism and the like. And I think it's very clear, as you identified, that, if we're going to deal with the

problem of Gaza, that there is a need to deal with this problem of smuggling, that this is a problem which will continue to exist if we don't find a way to get at the root causes.

And I think that the President and the Secretary are very eager to engage with the key countries in the region who can play a constructive role in helping to do this, to provide a broader framework that deals with these underlying problems that have caused the most recent crisis.

I think it's an opportunity now for us to use dialogue and diplomacy, where we can, to take that forward, but also to make clear that there are circumstances that do threaten, not only the security of Israel, but matter to us, as well.

Senator ISAKSON. Thank you very much for that answer.

Mr. Lew, you're the first person to fill this position, am I right? It's been vacant for 10 years, since it was created?

Mr. LEW. That's correct.

Senator ISAKSON. I was reading a little bit about the description of the position, and I was thinking back to President Obama's admonition to go by the budget, line by line, and find efficiencies where we can and priorities, where they need to be established. It sounds like, from the description in my briefing papers, that's going to fall under your responsibility, am I right?

Mr. LEW. Senator, I'm going to be responsible for taking a very detailed look at the budget of the State Department and for asking the tough questions about how well the resources are being used. I can't say that I start out with preconceptions about that, except the admiration of a lot of people in the agency who have been working very hard and very well. But we're going to ask tough questions, and learn from what's worked and what hasn't worked.

Senator ISAKSON. Well, having been Director of OMB and currently working for Citibank investments, you're probably the prime person to have done that. You've got the background for it. And I think that's something we need to do in every department of the Federal Government.

Mr. LEW. Well, Senator, when I was Director of OMB, I prided myself on not just paying attention to the very large programs; I thought that the example that you set in that position was how much attention you paid, in some cases, to the smaller issues, but where there were real principles at stake. We have to treat the public resources that we spend as a sacred trust. The American people work very hard, and we have to work as hard to spend the resources, and allocate the resources, carefully and effectively.

Senator ISAKSON. I notice, in your resume, that you're the chief operating officer of alternative investments for Citibank. Is that correct?

Mr. LEW. Well, I was. I—

Senator ISAKSON. Oh, were—you were.

Mr. LEW. I have concluded that.

Senator ISAKSON. That's your most immediate—

Mr. LEW. Yes.

Senator ISAKSON [continuing]. Past.

Mr. LEW. My most immediate past.

Senator ISAKSON. Tell me what kind of alternative investments those were.

Mr. LEW. It ranged from private-equity investments to real estate investments and various forms of fixed-income investments.

Senator ISAKSON. So, not much of international security trading—

Mr. LEW. No; not directly. Some of the investment funds had international elements; there was an international fixed-income fund, and an international private-equity fund, but they were really managed offshore.

Senator ISAKSON. The reason I asked the question is, we've talked about energy security, we've talked about food security, we've talked about climate security. I think economic security is the pending next thing to affect international relations, because of the gravity of the worldwide economic conditions. So, your information and your knowledge in that should be very helpful to the Department.

Mr. LEW. I bring with me the 25 years of experience in economic policy, and only 2 years in the financial services sector. So, I would say that it's been an eye-opening experience to me, the 2 years that I've been in the private sector. The bulk of my experience has been dealing with macroeconomic policy, fiscal policy. And I must say that if confirmed, I will come back into government with a renewed respect for the quality of analysis that goes into the public policy decisions that we all make.

Senator ISAKSON. Mr. Steinberg—my last question before I have to leave—on talking about foreign aid, you and I had also had some conversation about a return to the American people on the investment of foreign aid. And I think there's probably no better example of that than the continent of Africa, which I think, in the 21st century, is going to be the continent of focus, certainly in the first 50 years. Most of our foreign aid flows through NGOs, contractors in those countries who deliver educational or agricultural or other services. Do you think we can better leverage our foreign aid in developing countries on the continent of Africa, to have it have a payback or a dividend, in terms of friendship back to the United States of America? Do you think that's something we ought to focus on and make an important point on?

Mr. STEINBERG. Senator, I think, as you and I discussed it, this can happen on two levels, which is—one, I think there is an enormous benefit to the United States when we were seen not only advancing our own interests, but being concerned about others. In my opening statement, I indicated that I believe very strongly that we're going to live in a better and safer world for our own interests when everybody who shares our values and interests are benefiting from the kind of prosperity and opportunity that we believe in.

More practically, again as you and I discussed, the success of these countries—in Africa, in particular—means new opportunities for us for trade, for investment, and the like. So, this is a win-win situation in which we can build new friendships, be seen as being responsive to the needs of these countries, and creating an environment which is good for our business, and opportunities for us for our firms and our workers. So, this is something where, if we want to succeed—and globalization can be very much to the benefit of the United States—we have tremendous advantages, competitive advantages, in a globalized world, but we can't do it if we're the

only ones who are succeeding. So, that kind of partnership is important.

And one of the things we've learned very much is that, while there is a place for dealing with government-to-government, I think we get enormous benefit from working at the grassroots level with the NGOs. They understand the local conditions there. They're responsive. We're able to reach down to the people. And so, while it may be appropriate, in some cases, to work with governments, I think one of the lessons we've learned, with Millennium Challenge Corporation and others, is that there are great partnerships to be had out there, that not only lead to more successful programs on the ground, but also create substantial goodwill for the United States.

Senator ISAKSON. Well, I just feel like, on that continent, it's important for us to win the hearts of those people before other people with bad intentions win their hearts. And a lot of the al-Qaeda-type mentality is to win people over by feeding them, clothing them, and housing them, and then use them, politically, much to their detriment. So, one thing our State Department can do on the Horn of Africa and other places where you have a lot of poverty like that is to really make an investment in those people, in their lives, their health, their well-being, and their food.

Thank you, Mr. Chairman.

Senator DODD. Thank you, Senator, very much.

Senator Cardin.

Senator CARDIN. Well, thank you, Mr. Chairman.

And let me first thank both Mr. Lew and Mr. Steinberg for your willingness to serve during these extremely difficult times. We very much appreciate your public service. I want to particularly thank your families for putting up with the sacrifices that'll be necessary. So we really do appreciate it. We need you.

You've already indicated that you're very familiar with the questioning during Secretary Clinton's confirmation hearings. I just want to echo the point that some of my colleagues have made about the Middle East and Israel, how urgent that issue is today for all of our attention.

I want to underscore Darfur and Sudan. The Secretary indicated the need to make sure that the personnel commitments are made to that region to stop the human rights violations and genocide. I want to just add one other part to that, which is war crimes. It is clear that war crimes have been committed. I think we need to pursue that. We have not yet completed our commitments to the International Tribunal for the former Yugoslavia and there are those who were indicted, but have not yet been apprehended. I just want your commitment that we will pursue these issues and you will work very closely with this committee as to how we complete our responsibility to make sure those who have committed war crimes are held accountable, both in Sudan and in the former Yugoslavia.

Mr. STEINBERG. Senator Cardin, thank you for that. Again, during the Clinton administration, I had the opportunity to work very closely on the question of the Balkans, and know the powerful and, I think, extremely important role that the International Tribunal played with respect to the former Yugoslavia. I think it was really transformative to that overall effort, that we establish very clearly

what the international rules were, and the international consensus against the terrible war crimes that took place there.

And we've seen, now, in Africa, the extension of that, which I think is very important. And both President Obama and Secretary Clinton have made clear that this is something that they see as part of American—more leadership to support these efforts. And so, if confirmed, I look forward to working with you and the Secretary to look for ways to make sure that we keep the committee informed, and that this remains a central element of our overall approach, both to the problems in Sudan and elsewhere.

Senator CARDIN. Thank you, appreciate that.

Let me move on to international organizations. I've talked to the Secretary about our participation in international organizations. I think they're very important. I also think we need to look at reforms to meet the needs of the 21st century. And by "reforms," I'm referring, not only to reforms within the organization, but how the United States participates within the organizations.

I'm very familiar with the OSCE. I'm honored to chair the Helsinki Commission for the next 2 years. I think that's a very important organization. But for all of our participations in international organizations, we have the inherent issues and challenges of working with our mission that's delegated to the organization, the career people at State Department, and the Congress.

In OSCE we have the Helsinki Commission, which makes it a little bit easier because there is legislative/executive participation there. The Helsinki Commission has been very helpful in moving forward issues that are important to the United States, whether it's fighting the trafficking of young girls, anti-Semitism, dealing with election monitoring, and field missions. There are a lot of issues that we have moved forward.

I would like to have your commitment to work with us as to how we can be more effective within these organizations. I think OSCE could play a critical role in dealing with Russia, because Russia is a participating state and I think they feel that they have a better opportunity within OSCE than perhaps some of the other organizations. I think we could enhance our objectives with our relationship with Russia, making it more effective. I think it could be very helpful in dealing with refugee issues, which is an area that the United States really needs to play a more aggressive international role.

So, let me start with Mr. Lew, if I might. We had a conversation about this. You mentioned in your opening statement here, that you want to coordinate a lot of the roles. Now, here you have a problem, sometimes between the career people at State Department, the mission that we have in Vienna, and the politics of Congress. It's a challenge that I hope you will undertake.

Mr. LEW. Senator Cardin, the challenge of dealing with international organizations is obviously a very significant one. We have to look at our participation, we have to pay our bills, we have to be involved early and in a sustained way, and I think we have to keep our eye on whether they are focused on dealing with the challenges of today? With OSCE, I remember working together when you were in the House, when the issues were human rights, and the Helsinki Commission played a vital role in keeping those issues on the public agenda and on the international diplomatic agenda.

As the issues have changed, as we were talking the other day, energy issues are perhaps more prominent than some of the human rights issues, though the trafficking of women is certainly a human rights issue, as well. I think we have to treat our involvement in international organizations very seriously, and we have to use it as another arena in which we can demonstrate both our partnership and our advocacy for the principles that are most important to us.

Senator CARDIN. I would just underscore the point. The involvement of the Deputy Secretary will make a huge difference in trying to be as most effective as we can in promoting U.S. policies by use of these organizations. There is a bureaucracy that has been established and although well intended, includes the bureaucracy of the organization itself. I think the attention of the Deputy Secretary can make a huge difference and I would just urge your personal involvement.

Mr. LEW. Thank you. And frankly, the fact that we now have two deputies will free us up to be in more places, and we will, if confirmed, with the Secretary's direction, be on the field in as many places as we humanly can.

Senator CARDIN. I appreciate that.

Let me move, if I might, to energy, and ask both of you. I talked to the Secretary about the problem of extractive industries. We have a transparency initiative with countries that are mineral rich, but relatively poor—in some cases, very poor—to ensure the mineral wealth is getting to the people. We give some of these countries foreign aid. We're giving U.S. foreign aid and they're mineral wealthy. The lack of transparency in dealing with their mineral wealth is complicating the progress that the United States would like to see in that particular country. There is an international initiative for transparency and I would just like to get your views as to how important you see this initiative in dealing with the energy issue, in dealing with poverty in dealing with U.S. objectives in foreign assistance, and whether you will make this a priority, if you are confirmed.

Mr. Steinberg.

Mr. STEINBERG. Senator, I think you've—this is an issue I know you've been long concerned about, and it's one which I think is—it's pretty clear, right now, that the danger of these various resources curses are a big challenge, because they, theoretically, offer a great opportunity to help lift people out of poverty and create opportunity, but have often proved a source of corruption, a source of lack of transparency issues, and, indeed, of conflict. And we've seen, in many cases, where the failure to have transparency has led to corruption and conflict in critical regions throughout the world. We need to find effective ways to work with these countries to provide positive incentives for them to move in a more effective way, that allows them to conserve their resources, to use them effectively, to make sure that they are applied for the well-being of others, and to work with their leaders to make clear that this is, in the long run, in their own interest to develop these more effective strategies.

So, I think transparency is at the heart of it, because once we have transparency, then there's an opportunity to really sort of see what the implications of policy are and allow the voices within

those countries to play a more effective role, because the international community has an important role to play to help set standards, but ultimately what we really want to do is empower the people within those countries to have an effective voice in how the decisions are made about the use of those resources.

Senator CARDIN. Thank you. There is the extractive industries transparency initiative that the U.S. participates in. I would welcome your thoughts, if you've had a moment—after you're confirmed—to decide whether that is the most effective way for us to proceed, whether the United States should be more actively involved in that initiative, or whether there are other opportunities that you see, in dealing with the transparency issue. I would welcome your thoughts, as you review a strategy for moving forward on what you've said. I agree precisely with what you said. I think it's exactly what we need to do. The question is whether this initiative is the right one or not. The United States participates, but is not overly active in it. Or we should be pursuing other courses. If you could get back to us on that, I would appreciate it.

Mr. STEINBERG. Be happy to do so, Senator.

Senator CARDIN. Thank you, Mr. Chairman.

The CHAIRMAN [presiding]. Senator Cardin, thank you very much.

Just for the benefit of Senator Shaheen and Senator Kaufman, I think there's going to be a vote starting soon. We should be able to get both of you in, in that time.

And so, we'll turn to you, Senator Shaheen, right away. Thanks.

Senator SHAHEEN. Thank you very much, Mr. Chairman.

Welcome, Mr. Steinberg and Mr. Lew. I would like to add my congratulations and thanks for your willingness to come back into government service, given your experience and knowledge. And I, too, appreciate the sacrifices that you and your families make. And so, I very much appreciate your willingness to do this.

There have been a number of references to our foreign policies and its impact on international economic issues. And I think we have—particularly are seeing, right now, how globalization is affecting the international economy, and the need to have—to be able to address that, and its impact on our policies in other areas. And so, would you talk a little bit more about how you see the role of the State Department, particularly in interacting with Commerce and—the Departments of Commerce and Treasury, which have traditionally taken the lead on those economic issues?

Mr. STEINBERG. Senator, perhaps we could both talk to this, because I know my colleague has thought a lot about this, as well.

I think it's critical that the State Department play a central role in this, and I think it's something that Secretary Clinton talked about when she appeared before the committee; that is, there are obviously a lot of resources and capacity across the Federal Government, but we need a more integrated approach to these issues, that understands all the different dimensions of our engagement abroad, not only in terms of relationships with key countries and key allies, but the effect on the global trading system and on the opportunities for Americans, and the impact on Americans. If you don't have an integrated approach, then you end up with a lot of

different, sort of, stovepiped efforts, where different agencies are pursuing different efforts.

I think, as we move forward, President Obama has set up various mechanisms, on an interagency level, but he has made a commitment to Secretary Clinton that the State Department will play an active role, not only in the traditional NSC world, but also in the NEC world. And so, the fact that the State Department will play an active role and will have officials who have a deep concern and interest in these issues, engage them, I think, is going to be a clear indication of how important she sees the economic issues as part of it, and the need to connect it to what we're doing in the other parts of the State Department.

Mr. LEW. I would only add to that that, in our experience in the Clinton administration, it was not always the case that the State Department and the diplomatic resources were as actively involved in international economic issues as they might have been. There were occasions when we didn't necessarily reach down into the deepest levels of knowledge in the Government, sometimes during times of crisis, and sometimes just during more normal times. What Jim has described is the enhanced participation of the State Department in the National Economic Council process is critical, because if you're not sitting around the table, you're not in the discussion, you don't know what to go back and bring in to benefit the entire administration view.

There can't be a line between our international economic policy and our foreign policy. They're really one and the same.

Senator SHAHEEN. And are you also comfortable that there's a real commitment on the part of this administration to encourage that kind of cooperative effort and coordination among the various Departments responsible?

Mr. LEW. Absolutely. Secretary Clinton has spoken with both the President and with the head of the National Economic Council. I've spoken with the head of the National Economic Council.

The commitment is deep. Everyone is going to have to learn their way around the new process, and we're no exception to that. But the commitment is deep and the need is great.

And I know, having spoken at length with members of the economic team, as I was on the economic team, I bring, perhaps, a perspective that's a little different than people who grew up in the foreign policy world. There's a real desire, on the part of the people who make economic policy, to have access to the depth of knowledge that exists at State. And that's really the comparative advantage that the State Department brings. It's incumbent on us to make sure that we can, as we were talking about earlier, reach into the State Department to the areas where there is knowledge that isn't held elsewhere in the Federal Government, and bring it to bear when we have economic policy discussions. I'm convinced we can do it. It's an organizational challenge, but as a policy matter, it's critical.

Senator SHAHEEN. Thank you.

I would—

The CHAIRMAN. Let me just interrupt for one second.

Senator Kaufman, I suggest you and I go vote. And, Senator Casey, you'll be next, when she completes, and then you go vote.

Or you can judge your questioning accordingly, and then we'll get back here to finish up.

Senator SHAHEEN. I'll be quick.

There's been a fair amount of discussion about energy security. I was struck by both the confirmation hearing for Senator Clinton, as well as Senator Salazar and now Secretary Chu, as they were talking about energy and the importance of energy to our national security and to what's happening in Europe and the rest of the world. But, I want to ask you about climate change and the role that the State Department ought to be playing with respect to climate change, and how we address that. Obviously, energy security is a piece of that, but it seems to me we've got to coordinate with both of them if we're going to be successful.

Mr. STEINBERG. Senator, I certainly agree with that, and I think President Obama and Secretary Clinton would share that view. The administration will be in the process of making some announcements, I think, in the near future, about the precise roles and appointments that are going to be responsible for climate policy. But, given my familiarity thus far with the discussions, I think I can assure you that it is something that is front and center for the State Department, that there's a recognition that, historically, the State Department has played the lead diplomatic role, that if we're going to be effective in achieving our objectives in these climate-change negotiations, as the chairman indicated, that we are going to—it's going to require an extraordinary diplomatic effort to meet the tremendous complexity that will go into the Copenhagen meeting and any future international agreements. So, we need to have the resources and the perspective of the State Department there.

I think we can only be effective if we really understand how we can be both a leader at home in dealing with those issues and working with other countries abroad. And it has to be integrated with other aspects of our national strategy, because if we're going to bring key countries into the mix—and we must, because we're not going to be successful in dealing with climate unless both we take steps, here in the United States, but also key developing countries, in particular, undertake the appropriate steps to help us meet this challenge. And I think the State Department is uniquely well positioned to help make that take place.

As I say, historically, we've had the lead. We are looking now and—at the question of how best to organize ourselves to do that. But, I know that Secretary Clinton puts a very high priority on this, because it does affect so many different aspects of our policy and the interconnections between climate and food security and energy and all the things that we've been talking about today. It really is a focal point, as well as an urgency, in its own right, and I know we'll look forward, if confirmed, to coming back and discussing with you how we're going to proceed to do that, and how that will relate to the efforts, more broadly, in the administration.

Senator SHAHEEN. Thank you. Thank you all.

Senator CASEY [presiding]. Thanks very much. I'll be rather brief, due to the vote. And you may even have a break between now and when Senator Kerry gets back.

But, I wanted to, first of all, thank both of you for your service already, the service you've rendered to the American people to date, but also the service that I anticipate you'll be providing to the American people at a time of maximum danger and difficulty, but also at a time when we have great opportunities. So, we're grateful for that.

There's a lot to cover—and I'll submit a number of questions for the record.

But, I wanted to start, in the limited time we have, just with regard to Pakistan. I had the opportunity, in May, to visit the region, met with then-party leader Zardari before he was the President, with General Kayani, with the Prime Minister Galani, and others, and had a general sense, then, about their approach to the concern that we have about the cross-border incursions from Pakistan into Afghanistan and the concern we have about their own stability. But, I wanted to get your sense, Mr. Steinberg, first of all, what your approach will be. We've spoken to then-Senator Clinton about this. We want to spend some more time talking to her. But, just the general approach you'll take to Pakistan and kind of the short-term or near-term steps we've got to take to make sure that we're focused on the question of stability, the question of reminding them over and over again about the problem of terrorists in the region between Afghanistan and Pakistan, but also just the general threat that terrorism poses to the world emanating from that country.

Mr. STEINBERG. Thank you, Senator. As I indicated before, I think fairly shortly we're going to hear a little bit more from the President and the Secretary about their approach to this, and I think they will address, quite specifically, the kinds of concerns and how we're going to try to engage with this very integrated problem, because I think one of the things that both President Obama and Secretary Clinton have really emphasized is that you can't look at Afghanistan in isolation, and you have to understand the deep connections—political, economic, and the like—that create this challenge for us. And we have to have a strategy that integrates all the different parts of our power, and really looks at it from a regional perspective. I think that's something they're going to highlight when they come to speak about this again.

I think, in particular, as you and I discussed, we have a situation here where it's quite important that, in the long run, we develop the kind of partnership with the government, the democratic Government of Pakistan, that allows us to take on these complicated challenges. I think there is a recognition—and I hope a growing one there—that this is not something that is just a problem for us, the presence of extremists and terrorists in the border areas on both sides, but one that actually threatens the Government of Pakistan itself. And we've seen, from the recent bombings in Pakistan, that this really is a shared problem. And, I think, building that sense of how we cooperate together in dealing with it, and working with the government in Afghanistan to develop long-term strategies to really undermine the extremists, is quite important. And that democratic governance opportunity in Pakistan, I think, is part of a long-term solution.

So, we have to see this as one where we both have a shared interest. We have to understand that, for us, it's obviously critical

that this be addressed; it is a direct and immediate threat to us, as the President and the Secretary have said. But, again, it's not something that is being done, you know, for us and disconnected from the very substantial interests that President Zardari and the Prime Minister themselves face.

So, I think it's important that we have a direct engagement there, that we work at this as much as we can as partners while addressing the very real threat that we face to our national security.

Senator CASEY. Thank you.

And because of the interests of time, we're going to take a break, but, Mr. Lew, thank you, as well, for coming to see us and to spend some time talking about the management questions that I know both of you have responsibilities there. But, I was particularly impressed by Secretary of State Clinton's understanding of, and appreciation for, managing a big, big government agency, and we will submit questions for the record that focus on that, as well as some of the substantive challenges.

So, at this point, we'll take a break until other members return from the vote.

Thank you very much.

[Recess.]

The CHAIRMAN [presiding]. Thanks for your patience.

Senator Kaufman.

Senator KAUFMAN. Thank you, Mr. Chairman. And I mean, thank you.

I can't tell you how pleased I am to see the two of you sitting here. I thank Secretary Clinton, in placing the two of you by her side; I just feel so comfortable as we move into such a difficult area. I really—the professionalism that the two of you bring, your experience, the breadth of experience, the unanimity of support—anyway, I just feel good about things. And I just had a few short questions.

One is, I've seen a lot of survey data in Afghanistan, and the survey data I've seen says people don't like the Taliban, by and large, but they like the war even less. And we're beginning to get the case where people that don't like the Taliban say, "If I have to—a choice between the Taliban and the war, I'll take the Taliban." Especially you, Mr. Steinberg, what are your thoughts about how we deal with that?

Mr. STEINBERG. Thank you, Senator. And congratulations to you. It's—

Senator KAUFMAN. Thank you.

Mr. STEINBERG [continuing]. It's just a tremendous personal pleasure for me to see you there.

Senator KAUFMAN. Thank you.

Mr. STEINBERG. I think it's very wonderful.

You know, I think, as you put your finger on, and the chairman and others, we have a big challenge there, which is to say that, I think, by every assessment, including the outgoing administration's own assessment, we are not on the right track in Afghanistan. And this is—and because it's so consequential, this really matters a lot. There is—by almost every metric, this is a situation which is not totally lost, but is clearly going in the wrong direction. And if we

cannot convince the people of Afghanistan that the efforts that we're undertaking are in their interest, as well as ours, we're not going to be successful.

As I mentioned, there are—there were policy reviews underway—one conducted by a General Lute—for the outgoing administration. General Petraeus is doing some work on this. We need to pull this all together and really look at how we got off track, and understand that this is something where we have a big stake and we can't simply walk away from it, but we also need to find a more effective strategy to work with the people there, for them to see this as being in their interest, and to make sure this is not just a—something that we're carrying the water and they see it as not something that concerns them, because I don't think we can be successful, in the long term, unless it's seen that way. We need to be creative about how we bring all the elements of our strategy to bear. There's a role for the military. The President indicated he thought that we needed additional military forces there. But, that is not going to be a solution, by itself. And if the war is simply seen as a military exercise, it's not going to be successful.

So, that engagement with, not only the Government of Afghanistan, but the people of Afghanistan, I think is going to be critical to our long-term success, and it is going to be a focus of the policy review that the administration intends to undertake.

Senator KAUFMAN. And the other question on Afghanistan is, clearly, you know, we need more troops there, and State Department is going to be the lead, in terms of making sure that, while we add more troops, our NATO allies don't reduce their troops, and, that they do in fact increase their troops. What are your thoughts about that?

Mr. STEINBERG. There's no question that the engagement of our allies is a critical part of this effort and that this is something that President Obama talked a lot about during the Presidential campaign. We have an opportunity, as you know, with a number of important NATO meetings coming up over the next several months. We have both—well, we have a NATO Defense Ministers meeting, a NATO Foreign Ministers meeting, and then, finally, the NATO summit in April. And there's no question in my mind—and I would have every expectation for both the President and the two Secretaries—Secretary Clinton and Secretary Gates—that this is going to be a major focus there. But, I think, in order to be effective with our allies, we have to have our own strategy in order. I mean, that's why I think it is a matter of high priority for us to help, as the chairman asked us to do, to identify our objectives and a strategy there, and to make clear to our allies that this is not just about us, they have a great stake there, too.

We've seen that this is an area which has been the source of terrorist attacks, not just—it's not just affecting the United States, but directly affecting our NATO allies. So, it is a common interest, and we need to be effective in both conveying that and having a strategy that makes clear that this is part of our partnership, to work this together, not just because it affects the United States, but because it affects our NATO allies, as well.

Senator KAUFMAN. Great, thanks.

Could both of you comment on both the structural and policy relationship between the Department of State and the Broadcasting Board of Governors?

Mr. LEW. There was a change in the structural relationship a number of years ago, and the question is, Where will we go from here? We must ensure that we have the right level of independence, but also, attention to public diplomacy and communications. It's a broader question than the, kind of, institutional structure of the Board of Governors—how we have an effective program to communicate throughout the world—it's something that we think is very important, both in terms of the Broadcast Board of Governors, but also in terms of the personnel we have doing public diplomacy and communications in the embassies and consulates around the world. We need to have an effective voice for the ideas and ideals that we carry. If confirmed, that's one of the areas we're going to pay a lot of attention to.

Senator KAUFMAN. But, there's kind of a conflict between, kind of, the broadcasting part of public diplomacy and the nonbroadcasting part. The nonbroadcasting part has to be structured as strategies, goals, objectives—

Mr. LEW. Right.

Senator KAUFMAN [continuing]. Made at the highest level of government; whereas, broadcasting primarily is a news and information organization, and the only reason we've been successful has been because of the independence of our journalists. We've found that when the government gets involved in actually what's going on the air, that is not successful, people just turn off their radios and televisions and the Internet and the rest of it. So, I'm concerned that, under any restructuring, that we would maintain the independence of the journalists and make sure there's a firewall between them and the rest of government. Is that something—

Mr. LEW. We share the concern that there be independent, credible broadcast standards going back to the halcyon days of international broadcasting. It's a long time since Edward R. Murrow was there, but we all know what the standard is.

Senator KAUFMAN. Good. And what are your thoughts about Zimbabwe?

Mr. STEINBERG. Senator, I think this is—the tragedy is one that I think is palpable, at this point. We not only have a situation where there are serious violations of human and political rights, but now, because of the neglect and malfeasance of the government there, a true health catastrophe.

I think there's a clear situation where the will of the people are not being reflected by the decisions of the government, that there has been a good-faith effort to try to find a compromise solution to bring the opposition into it, and to work with Mr. Mugabe to try to find a way forward, and we're not seeing that kind of cooperation. So, while the administration is now just forming, and I can't presume precisely what the policies are going to be, I think there's no doubt that this is an urgent matter, and that it's important, not only for the United States, but for the countries of the region, to really address the fact that, even the more—most recent agreements and understandings are not being observed and respected.

Senator KAUFMAN. Good.

You know, when you look around the world, freedom of the press, which was very much on the ascendancy not too many years ago, has definitely gone the other way. And, I mean, just everywhere you look, no matter what continent you're on. What are your thoughts about how the Department of State can help deal with this freedom-of-the-press decline around the world?

Mr. STEINBERG. I think, as you heard from the President in his Inaugural Address, that these values and principles are critical to him, the ability to speak out, the ability to protect dissent and the like, are sort of at the core of what he articulated as his vision. I think it was very powerful statement, and I think it was heard around the world. And I think there's nothing more important at the beginning, than to have that clear sense of commitment from the United States from our President about the fact that this is something that he cares deeply about and puts at the center of our foreign policy and national security.

And I think that that very fact, that he has put it so central to his approach, puts other countries on notice that, in terms of developing a relationship with the United States, that this is not a marginal concern, this is a central concern. I think we need to find ways to be effective in integrating that into our operational strategy, to take that very strong statement of principle to make clear that this is something that we do care about, that it is something that is not peripheral to national interests, but really is a lot about who we are in the world.

Senator KAUFMAN. And it's the same problem with freedom of religion. And the problem is that, having been involved in some of this, there are so many priorities, but I'd just say one thing, and that is, when you don't mention these things when you meet with people that are not promoting it, it gives them the distinct feeling—I know this from firsthand experience—it gives them the distinct feeling that it's OK. And I also know, when the agenda gets set up for these meetings, there's a million things, but freedom of the press and freedom of religion are so basic to our society and so basic to what our President brings to the office—I'm just saying, try to fit it in there, because there is a price to be paid. When it's left off, I know the perpetrators just feel free to move ahead.

I think Bosnia is the final area. And, you know, it looks like we're faced with a political crisis there. What are your thoughts about Bosnia?

Mr. STEINBERG. Senator, as I mentioned before, this is an area that I had an opportunity to work with—

Senator KAUFMAN. Yes, I know.

Mr. STEINBERG [continuing]. Quite a bit during the Clinton administration, and I do think it is a matter of concern that it has kind of slipped a bit off the radar screen. This has never been a perfect solution in Bosnia. The political arrangements there were, I think, the appropriate ones at the time to bring an end to a bloody and violent conflict. It created an opportunity to move forward. But, for a variety of reasons, some of which have to do with U.S. efforts and some with Europe and others, we have certainly not, kind of, gotten over the divisions and the difficulties of the structure of the government there to really make real progress. I think it is critical that we take a serious look at this and that we

elevate this, because, as we were talking about earlier, if we wait until this—the crisis erupts, then it's going to be even harder to deal with.

And so, while I think all of us recognize that there are a lot of challenges on the plate, sometimes I think it's incumbent upon us to make sure that we have the tools within the State Department, through the government, that we can do multiple challenges at one time, and, if confirmed, because of my own background and interests, I have a particular concern to make sure that we don't lose what progress was made, and that we find ways for the United States—working with Europe, frankly, because they are a critical part of this—to try to see if we can reverse some of the deterioration.

Senator KAUFMAN. Great. Good luck. Thank you.

And thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

And may I remark that I think you may be sitting way down at the end there, but it's obvious by your questions the value you bring to the committee immediately from your years here. We appreciate it very, very much.

Senator KAUFMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Let me welcome you both. And I'm sorry that the Treasury Secretary's nomination didn't have me here for a lot of your questions and answers, but I did read your testimony, and I had the privilege of sitting with both of you, so I have a pretty good sense.

One of the things that I care about deeply in this committee, and have for the 16 years that I've been in the Congress, is Latin America. We spend a lot of time talking about Chavez, but Chavez only has success because we have had a vacuum. And it is, in my mind, more important about what we do than what he does, at the end of the day. But, the one place in the world in which overall development assistance has been cut for 3 consecutive years in a row has been Latin America and the Caribbean. This is not in the national interests or security interests of the United States.

If you want to stem the tide of undocumented immigration into the country, have people have economic opportunities in their homeland. They only leave for one of two reasons: economics—dire economic necessity or civil unrest. If you want to help us in the issue of global warming, then diversity of the rain forests in the Amazon is incredibly important. If it is destroyed, we increasingly pollute our collective environment. How we deal with credits and other efforts to ensure that doesn't happen. Diseases that we have largely eradicated that are resurfacing along the border with the United States, like tuberculosis—again, health issues know no boundaries. If you want narcotics trafficking to cease, one is you have to reduce demand at the same time that you are reducing cultivation, and you have to give a poor coca farmer some sustainable development alternative. And the list goes on and on.

This is not about just simply being a good neighbor; this is about policies that are in the national interest and security of the United States.

So, I'd like to get, Mr. Steinberg, a sense from you about where you see our policy moving forward in Latin America under this new administration, and from you, Mr. Lew, about what you see as the overall—the, you know, development assistance. How important is Latin America going to rate in this process?

Particularly in—I'd like to call your attention to something that passed this committee in the last year, bipartisan approach, ran out of time on the floor—Social Economic Development Investment Fund of the Americas. It sends a very strong message to the Americas that we are engaging with them in very significant ways, that we have a broad agenda, not just simply trade, which is important, and narcotics interdiction, which is important. That's all we've talked, largely, to these countries about. I think it's a fundamental mistake. So, give me a little sense about where we're headed in that respect, from your perspective.

Mr. STEINBERG. Well, thank you, Senator. And your leadership, obviously, has played a critical role on keeping our attention focused on the hemisphere.

I think you put it just perfectly, in talking about the problem of a vacuum, that we've had a policy which has tended to react to provocation rather than really reaching out and having our own strategy. And I think if we had that, as you suggested, these provocations would both be ineffective and would be beside the point. We need to restore that sense of leadership and sense of partnership with the hemisphere, and there is an opportunity, I think, that people have seen that the kind of examples that Chavez and others offer is not leading to a better life or more success for their people. And so, we need to revalidate the strong, friendly partnerships that we have, and that we care about their well-being, for the reasons that you said. This is a—we're so deeply interconnected and interdependent with this hemisphere that we can't succeed in meeting these important issues for us unless our partners in the hemisphere are doing it.

There—we have an opportunity—I mentioned this earlier—with the coming hemispheric summit, to really have a chance for the President and the Secretary to engage with the leaders there, to present their vision of a different approach, and to begin to lay out some of the specific policies. We've got a lot of hard work to do, and, if confirmed, between now and that summit, to really have something to say. And I think the President—

Senator MENENDEZ. You have less than 100 days.

Mr. STEINBERG. That's exactly right.

Senator MENENDEZ. It's either going to be the summit that we inherited from the previous administration or a summit that we fashion in our own view.

Mr. STEINBERG. Well, and I think—for precisely the reasons that you suggest, I think that the President is eager, and it's certainly his wont to move quickly to change the tone. This is about change. And I think he—again, talking about what he had to say on Tuesday, that he really made clear about how dramatically he wants the change the orientation of U.S. foreign policy in this respect. And we have some very critical opportunities all through the spring. We talked about the NATO Summit, there's the G20 meeting, there is the hemispheric summit. And these are tremendous

opportunities, because the President does reflect such a different approach. And with the President and the Secretary there, and, if confirmed, Jack and I are going to be working with the Department and the interagency to make sure that we have something more than just rhetoric to say to make clear that we do have a different approach.

Mr. LEW. Senator Menendez, the question of resources for development is a central one. Dealing with the root causes of unrest and threats to democracy means addressing the problems of poverty around the world, and economic development is ultimately the way to do that.

Over the last few years, the development assistance budgets have been terribly constrained, the demands for assistance in reconstruction flowing from our involvement in Iraq and Afghanistan has been enormous. If confirmed, we're going to have to quickly look at where the development assistance budget is going, and fairly quickly reach a determination on what we would do with the resources that are there, and how much additional assistance we need in order to be the kind of partner that we should be in parts of the world where our absence or our diminished presence is really very shortsighted.

So, I can't sit here today, not having been there, and telling you that I start with a notion of the exact dollars or percentages, but ultimately, what Jim was just talking about, and what the President and the Secretary have been talking about, only has meaning if we put resources behind it. We can't go to these meetings empty-handed, and we're going to have to work quickly, if confirmed, to come up with an agenda.

Senator MENENDEZ. I appreciate that, because the Chinese are quite engaged in the hemisphere with resources. Obviously, Chavez is quite engaged in the hemisphere with resources. Even the Russians have begun to focus a little bit on the hemisphere. So, there's got to be a reason they're all here.

Mr. LEW. Yes.

Senator MENENDEZ. Got to be a reason that they're all here.

Let me—before I just move to foreign assistance, very quickly—and I've heard a lot of the discussion on this; I just want to concentrate on one specific thing that we've been focusing on as I have had the privilege to be the subcommittee chair in that field, and did a lot of hearings over the last 2 years. But, I listened to the President's inaugural speech, and he had a line in there that I think is very pertinent, and I just want to mention it here, because it is a very passionate issue for me. He said, "We are willing to open our hands and offer you a hand in friendship if you are willing to unlock your clenched fist," which I took, you know, very meaningfully in that speech.

And I think about Cuba. We have tried, at different times in different ways through different administrations, to sort of offer an open hand, but we have seen, still, a clenched fist. More people are still languishing in Castro's jails today. Human rights activists, political dissidents, independent journalists, independent economists are jailed simply because of their thoughts and their views, their attempts to try to create a civil society. Millions of Europeans, Latin Americans, Canadians, Mexicans, and others who have trav-

eled to Cuba have not created one iota of change. The regime has become more oppressive.

The famous mantra of the President during the election: change. We sent into Cuba a very simple plastic white bracelet, which Cuban youth wore throughout Cuba. It had one word on it. It was the word “cambio,” which in Spanish means “change.” And they were arrested simply for having a simple bracelet that says “change.” We just rejoiced in that mantra of change here in this country that led to an incredible victory. In Cuba, young people who just have a simple white bracelet that says “cambio” get arrested for wearing it. Now, that is the realities of Castro’s Cuba.

And so, I look forward to how we’re going to move forward to try to help Cuban people achieve the freedom of democracy we enjoy here. Hopefully, there will be an opening of the clenched fist, something that we have not seen for over four decades.

Let me, finally, ask you—Mr. Lew, you and I have had long conversations about the foreign assistance. Incredibly important. I believe, one of the most powerful tools of peaceful diplomacy, and something that has really suffered body blows during the last several years, and also a transfer to the Department of Defense in a way that I don’t think even the Department of Defense, to the Secretary’s credit, has said, “We really need the State Department to be beefed up.” So, I hope that those same views prevail and that resources will flow, however they may flow. But, who is going to control foreign assistance at the Department? Who will have budget authority over USAID? What’s going to happen to the F Bureau and the F process at State? How do you envision that moving forward?

Mr. LEW. As we discussed the other day, we’re going to take a careful look at the F Bureau and the F process. If confirmed, it will be one of my responsibilities to look across the Department, including at AID and all of the other foreign assistance programs, to play that coordinating role.

We’re going to take the process that was developed for F and actually broaden it, because that process didn’t take into account MCC and PEPFAR the same way that we think all of the programs ought to be looked at, which is horizontally.

We will have to make some judgments about the organizational structure once we’re there and knowledgeable enough to do it in an informed way. The opening view is that a lot of progress was made in taking a look across the foreign assistance programs, but not enough. We need to make more progress so that we really embrace all of the foreign assistance efforts and evaluate them and come to the Congress with recommendations that are well coordinated.

Senator MENENDEZ. Well, Mr. Chairman, if I may, one last moment.

We need—and I’ve expressed this to you privately, and I hope I can get your commitment here publicly—a strong advocate—I mean, you will have, you know, a horizontal responsibility, and, as we discussed, you will be responsible for—with the Secretary, with the overall budget process. And so, that has challenges. You know, it’s a little bit of what we said in the Banking Committee about having credit-rating agencies be both the referee and the coach. That doesn’t quite work. At the same time, being the one respon-

sible for figuring out the priorities of budget-cutting in the overall element of the Department's needs, and then being the advocate for foreign assistance. We need a strong advocate for foreign assistance. You know, if you do PEPFAR and you do MCC, and you don't raise the overall amount, you've got less and less for the core development assistance programs.

I think PEPFAR is great. I think MCC has a lot of merits to it. But, at the end of the day, the MCC was supposed to be additive, not in replacement, and PEPFAR is very important, but if those categories continue to rise, then your overall function is decimated. So, we need an honest discussion of that, and we need a strong advocate.

Mr. LEW. As I indicated to you privately that I have every intention, if confirmed, of being a strong advocate for development assistance, for foreign assistance. I couldn't agree with you more that we can't have the new programs grow within the current totals without decimating the old approaches. And that's one of the reasons that we need more resources.

A lot of good that has been accomplished in PEPFAR. MCC is getting off the ground and making real progress. But if we have increases in those programs within the existing totals that are available for foreign assistance, the little bit that's left in the traditional AID and foreign assistance programs just won't be there anymore. So, the totals have to grow. I give you my commitment to be an advocate to run the programs well, but also to come into this committee, and before Congress generally, as an advocate to size appropriately the resources that we put into this vital area.

Senator MENENDEZ. Well, I look forward to supporting both of you.

Mr. Chairman, your first chairmanship was the nomination hearing of Secretary Clinton, and I just think you did a fantastic job on the floor, but I want to say I look forward to working with you under your leadership now of the committee, and I appreciate some of your initial instincts of where to travel. It's going to be a powerful statement to parts of the hemisphere that are going to be incredibly important, and it's going to be a very powerful statement.

The CHAIRMAN. Well, thank you—

Senator MENENDEZ. I look forward to working with you.

The CHAIRMAN [continuing]. Senator Menendez. I'm delighted you're going to join me on that trip—Senator Menendez and Senator Graham—Lindsey Graham—and we look forward very, very much to sending exactly that message.

We also look forward to working really closely with you folks. I hope you sense that from the committee. I'm confident we will.

I need to ask you just a couple of pro forma questions. One, Do either of you have any issue from which you will need to recuse yourself?

Mr. Steinberg.

Mr. STEINBERG. Any matter affecting the University of Texas.

The CHAIRMAN. Fair enough.

Mr. STEINBERG. I'll be on—

The CHAIRMAN. That's sort of a foreign—

Mr. STEINBERG. It's—I'll probably decline any comment on that one, but I—since I'll be on leave from the University as a professor, just—

The CHAIRMAN. I understand.

Mr. STEINBERG [continuing]. Anything specifically—

The CHAIRMAN. Well, I'm glad you state that specifically, and we appreciate it.

Mr. Lew.

Mr. LEW. As my letters indicate, I will need to not participate in matters that have particular impact on Citigroup.

The CHAIRMAN. Fair enough.

And do either of you have any matter with which you have been advised by counsel or that you know you have a conflict of interest at this point in time?

Mr. STEINBERG. No, sir.

Mr. LEW. No, sir.

The CHAIRMAN. Fine. Thank you very much.

Well, here's what we're going to do. We're going to try to expedite this process. We will leave the record open for 1 hour. There are, I think, a couple of additional questions. We ought to be able to get them done early in the afternoon. And then our hope will be to discharge from this committee as rapidly as possible and conceivably move on the floor even today. I know it's very, very important to get both of you in place as rapidly as possible. We want to do that. And so, I assure you we'll do everything possible to try to get that done.

On that note, again, we really congratulate you, and I just want to emphasize how much we look forward to working with both of you. Congratulations to you, and thank you for today. And your daughters were unbelievably well behaved. [Laughter.]

How did Daddy do? OK? Did he do well? [Laughter.]

Yes.

And I don't know, your students, I think, abandoned you. Are they here, still? Did they give you a grade?

Mr. STEINBERG. Sir, if I could just add this to the record—

[Laughter.]

Mr. STEINBERG [continuing]. This note says, "Thank you, Senator Kerry," signed Jenna Steinberg. [Laughter.]

The CHAIRMAN. Oh, well, we're going to speed this up, then, even more. [Laughter.]

So, thank you all very, very much. Glad to have you all here from the University of Texas. We appreciate it. And we do want to keep the Boston-Austin connection going, big-time.

We stand adjourned.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]

ADDITIONAL QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JAMES STEINBERG TO QUESTIONS
SUBMITTED BY SENATOR RICHARD G. LUGAR

NORTH KOREA

Question. A Republic of Korea Government delegation is reportedly traveling to North Korea this week to discuss purchasing unused fuel rods. What is your per-

spective on this issue, and would the Obama administration support such an initiative by South Korea?

Answer. Disposal of fresh fuel rods by North Korea is one of the 11 disablement steps North Korea agreed to undertake pursuant to the October 2007 Second Phase Agreement of the six-party talks. North Korea has agreed to either sell or bend these fresh fuel rods so that they can no longer be used in a North Korean reactor. We expect North Korea to complete the 11 disablement steps. The Republic of Korea is an important ally of the United States and a key partner in addressing the North Korean nuclear program. The new administration will immediately review their initiative. We share our ally's goal of trying to facilitate completion of this step.

NORTH KOREA AND CHINA

Question. Thousands of North Korean refugees have departed that country in search of a better life in South Korea or elsewhere. Chinese officials do not allow the United Nations High Commissioner for Refugees to establish a presence within China, to facilitate the care and transfer of North Korean refugees to another country. Likewise, North Korean refugees are often incarcerated or returned to North Korea, once intercepted by Chinese officials. How will you recommend that this issue be considered within the larger context of U.S. policies toward North Korea and China?

Answer. We are greatly concerned about the status of refugees from North Korea who have fled that repressive regime. If confirmed, I am committed to working with relevant international organizations, our regional partners, and countries like China to ensure that refugees from North Korea are treated humanely and in ways consistent with international law.

CHINA

Question. As you are aware, many questions continue regarding China's record on human rights and religious freedom. How do you envision these issues being incorporated into the Obama administration's establishment of priorities in dealing with China?

Answer. Standing up for human rights is a core element of U.S. foreign policy and is central to what we stand for as a nation. While we have many areas of shared interests with China, and have an opportunity to build on these interests to enhance our cooperation, we also have differences with China, including on human rights and religious freedom, and progress on these issues is an important element in how the relationship between our two countries develops. The Obama administration will discuss these issues candidly and openly with China's leaders and work to support movement toward greater human rights and religious freedom in China.

TAIWAN

Question. In recent years, the U.S. Government has generally subscribed to the "one-China" policy related to Taiwan and China. How do you interpret the "one-China" policy presently in place? Will you be recommending any changes to the "one-China" policy followed by the Bush administration?

Answer. The "one-China" principle has been the basis for the U.S. approach to China and Taiwan for 30 years and has proved successful in maintaining peace and stability across the Taiwan strait while allowing for the development of a vibrant democracy in Taiwan. The new administration's policy will be to support the peaceful resolution of Taiwan and China's differences while making clear that any unilateral change in the status quo is unacceptable. The new administration will maintain our "one China" policy, our adherence to the three U.S.-PRC Joint Communiqués concerning Taiwan, and observance of the Taiwan Relations Act, which lays out the legal basis for our relationship.

Question. For several years, Taiwan has attempted to obtain observer status at the annual meeting of the World Health Assembly. A Memorandum of Understanding (MOU) between the World Health Organization (WHO) and China appears to preclude the opportunity for continual and direct communication between the WHO and officials of Taiwan on health-related issues. Unfortunately, this arrangement may prevent Taiwan officials from receiving necessary and urgent health and disease notifications in a timely way. How will you work to ensure that the citizens of Taiwan receive full benefit from information available through the WHO? Will you encourage the Department of State and the Obama administration to support Taiwan obtaining observer status at the World Health Assembly?

Answer. Like Secretary-Designate Clinton, I sincerely hope that Taiwan and China will continue the progress they've made, because the United States gains from peaceful, stable cross-strait relations. In this context, and consistent with the "one China" policy, it is appropriate for the United States to support Taiwan's efforts to play an appropriate role in international organizations, such as observer status at the World Health Assembly. It is in Beijing's interest to demonstrate to the people of Taiwan that the practical and nonconfrontational approach taken by President Ma toward the mainland can achieve positive results. As Taiwan's continued exclusion from appropriate participation in the World Health Organization has serious public health consequences not just for Taiwan, but for the PRC and the world as a whole, and we agree that the United States should work with Taiwan to see that situation rectified.

ASEAN

Question. In your speech on U.S. National Security and Foreign Policy at the ASEAN-U.S. Symposium in Singapore, in October 2007, you outlined international economic strategy options related to East and Southeast Asia. What in your view are the specific and necessary components of a comprehensive U.S. economic strategy pertaining to ASEAN?

Answer. ASEAN has attached great importance to regional and global cooperation and to strengthening the institutions that support it, particularly on economic issues. The United States has a vital stake in maintaining strong economic ties with dynamic economies of this region. You have notably supported U.S. cooperation with ASEAN to build these institutions, including ASEAN's planned Economic Community. The new administration believes it will be necessary to deepen our cooperation programs with ASEAN to advance our mutual interest in regional economic integration, as well as trade programs like the Trade and Investment Framework Arrangement (TIFA), which expands our economic ties with this growing region, as well as to strengthen our broader regional cooperation through APEC.

BELARUS

Question. The Government of Belarus has detained an American citizen named Emanuel Zeltser. My office has been contacted by representatives of Mr. Zeltser's family. They report that he is gravely ill and that an American doctor who examined him 2 weeks ago concluded "there is a clear and high risk of sudden death from heart attack unless the patient is immediately transferred to a U.S. hospital with the proper equipment and facilities." The doctor went on to say that because Mr. Zeltser has been denied prescribed diabetes medication, his left foot may need to be amputated. Amnesty International has concluded he suffers from "torture and further ill treatment."

I commend the State Department for its efforts to bring Mr. Zeltser's case to the forefront of United States-Belarusian relations. I was pleased that on December 10, the Office of the State Department Spokesman called for "the Belarusian authorities to release Mr. Zeltser on humanitarian grounds before this situation takes an irrevocable turn."

What additional steps or opportunities are available to the Department of State in this case? What can we do to ensure that Mr. Zeltser receives the medical attention he deserves?

Answer. The protection of American citizens abroad will remain a top priority for the Secretary and for me, should I be confirmed. In the interest of Mr. Zeltser's welfare and his need for urgent medical care, we will continue to strongly urge the Belarusian authorities to release Mr. Zeltser on humanitarian grounds. We will remain in constant communication with the Belarusian authorities on Mr. Zeltser's situation. I understand that the Department has met frequently with senior Belarusian officials in both Minsk and Washington to press for Mr. Zeltser's release on humanitarian grounds and to urge the Government of Belarus to provide appropriate medical care. The Department should continue to raise Mr. Zeltser's case at every opportunity, and provide full consular services to Emanuel Zeltser as long as he remains imprisoned in Belarus.

VENEZUELA

Question. What are your views on increasing the level and frequency of dialogue with Venezuelan Government officials regarding attempts to restart cooperative programs between the United States Drug Enforcement Administration (DEA) and Venezuelan counterpart authorities?

Answer. Our friends and partners in Latin America are looking to the United States to provide strong and sustained leadership in the region, as a counterweight to governments like those currently in power in Venezuela and Bolivia which pursue policies which do not serve the interests of their people or the region. Our relationship with Venezuela should be designed to serve our national interest, which means to speak out clearly on issues of concern to the United States, while seeking cooperation where it is important to our interest, as is the case in fighting the increasing flow of illegal drugs.

Question. In your view, have actions undertaken by the Government of Venezuela undermined the success of United States counternarcotics assistance to Colombia (Plan Colombia)? What are the potential implications of Venezuelan drug policy for the effectiveness of the Merida Initiative its Central American counterpart and the Andean Counterdrug Initiative?

Answer. Venezuela is one of the principal drug-transit countries in the Western Hemisphere. Counternarcotics successes in Colombia have forced traffickers to shift routes through neighboring Venezuela, whose geography, rampant corruption, weak judicial system, and lack of international counternarcotics cooperation make it vulnerable to illicit drug transshipments. The increasing preference of drug traffickers to transship cocaine through Venezuela undermines the overall counternarcotics effort. The new administration supports both assistance to Colombia through the Andean Counterdrug Initiative (while updating it to meet evolving challenges) and a well-designed and implemented Merida Initiative. More effective counternarcotics cooperation by Venezuela is critical to address the drug problem and to improve Venezuela's relationship with its neighbors and the United States.

Question. Given what is known of President Chavez's support of the Revolutionary Armed Forces of Colombia (FARC) and the alleged relationships between senior Venezuelan National Guard officials and narco-traffickers, does the administration intend to pursue direct talks with President Chavez?

Answer. The Obama administration intends to pursue clear-eyed diplomacy with Venezuela including direct contacts when they serve our national interests. Those interests include ending Venezuela's ties to the FARC and cooperating on counternarcotics. For too long, we have ceded the playing field to Chavez whose actions and vision for the region do not serve his citizens or people throughout Latin America. We intend to play a more active role in Latin America with a positive approach that avoids giving undue prominence to President Chavez' theatrical attempts to dominate the regional agenda.

It remains to be seen whether there is any tangible sign that Venezuela actually wants an improved relationship with the United States. No decision has been taken with regard to the appropriate manner and level at which to engage with the Venezuelan Government.

U.N. SECURITY COUNCIL

Question. In a 2008 article in *The Washington Quarterly* entitled "Real Leaders Do Soft Power: Learning the Lessons of Iraq," you wrote "The time has come to bite the bullet on U.N. Security Council reform and accept that the greater legitimacy offered by a more representative Security Council justifies the risk that action in an enlarged and more diverse council will be more cumbersome or less to Washington's liking." What factors do you believe most important in evaluating proposals for changes to the size or structure of the Security Council? Does the Obama administration intend to make such proposals? How do you believe U.S. interests would be affected by the expansion of the Council's size or by the addition of more permanent members?

Answer. I agree with the President and the Secretary that the Security Council was created decades ago at a time when there were very different global realities. The new administration will make a serious, deliberate effort, consulting with key allies and capitals, to find a way forward that enhances the ability of the Security Council to carry out its mandate and effectively meet the challenges of the new century. A Security Council reformed along these lines will serve the national security interests of the United States and the collective security interests of the international community. Obviously, this will not happen overnight. We will support reforms that would not impede the Security Council's effectiveness and its efficiency. We will also consider how to enhance the standing of the Council in the eyes of those nations that seek a greater voice in international fora.

COUNTERTERRORISM

Question. You have indicated that “one of the most serious flaws of U.S. counterterrorism strategy is its bifurcation into domestic and foreign components.” How do you believe this flaw should be addressed? What steps do you believe the Obama administration should take to better integrate domestic and foreign counterterrorism policy? What role do you believe the State Department should play in this regard?

Answer. The Obama administration is reviewing the structures of interagency coordination on national security, counterterrorism and homeland security to assure that we have a highly focused, well-designed and well-implemented approach to this central challenge. President Obama has selected John Brennan to serve as Homeland Security Advisor and Deputy National Security Advisor for Counterterrorism, which is an important step to assure close integration of the domestic and international dimensions of our counterterrorism strategy. At the State Department, Secretary Clinton and I look forward to working closely with our colleagues across the U.S. Government to further that effort to assure a comprehensive and integrated approach.

Question. In writings, you have been critical of policy choices the Bush administration made in the Middle East, and with respect to Iraq in particular. In a spring 2008 Washington Quarterly article, you wrote: “the policy actually strengthened the forces that brought about those attacks. The intervention in Iraq enhanced the terrorists’ operational capabilities through live training against U.S. forces deployed in Iraq; fostered a broadened reservoir of support for the terrorists among those who already felt grievances against the United States and the West; and undermined global public confidence in U.S. leadership, threatening the United States ability to sustain the cooperation necessary to take on the terrorists’ challenge to U.S. security.”

What do you believe are the essential elements of an effective counterterrorism policy going forward? Much of the focus of overseas counterterrorism efforts has been from the Department of Defense, and “kinetic” methods. Do you think that is appropriate? What role do you expect to play as Deputy Secretary on counterterrorism issues?

Answer. I agree with the Secretary and the President that our ability to contain and diminish the threat of international terrorism depends heavily on our ability to build partnerships among nations and deepen cooperation across a range of areas, including law enforcement, intelligence-sharing, border controls, safeguarding of hazardous materials, and military action. The State Department has historically played a central role in this area. Keeping terrorists on the defensive, reducing their room for maneuver and preventing them from striking at us and our allies will require that the Department act energetically to build the international cooperation that is essential for confronting a transnational threat that no one country can successfully fight alone. At the same time, our long-term success against the terrorist threat depends on the active engagement of the United States with moderate forces around the world to build a more hopeful, optimistic vision to counter the terrorists doctrine of hate and destruction, a vision which is at the heart of President Obama and Secretary Clinton’s approach to U.S. strategy. As Deputy, I look forward to helping lead the State Department’s effort on this vital national security priority.

Question. The Department of State’s Counterterrorism Coordinator reports directly to the Secretary and is an “Ambassador at Large” created by Congress in 1994, but given very few resources. Do you believe that construct is appropriate for today’s challenges?

Answer. We certainly have been examining and will continue to review the structure of the Department, to ensure it’s organized most effectively to meet today’s counterterrorism challenges. The State Department has a crucial role to play in crafting the United States overall counterterrorism strategy, and if confirmed, we look forward to working with the committee as we do that, particularly since the Congress was instrumental in establishing this office.

Question. As you wrote in your 2008 Washington Quarterly article, one of the grievances cited by Osama bin Laden in his Declaration of War, and often heard around the Muslim world is the presence or occupation of Muslim lands by U.S. troops. What is your view of the current manpower presence of the United States throughout the Middle East? Are we still, as you say, “playing into al-Qaeda’s narrative”?

Answer. The United States has important security partnerships with a number of key countries around the world, including in the Middle East. This presence

serves to reassure our partners and deter current or potential adversaries from taking steps that threaten our friends' and our interests. Our presence is based on mutual respect and cooperation. It is important that the United States strengthens our ability to "tell our side of the story"—the reality—to counter the propaganda of our adversaries.

Question. In a speech last July,¹ Secretary of Defense Gates said that the populations of many important countries—and especially Muslim countries—have come to have low regard for the United States. He said that this loss of esteem "is important because much of our national security strategy depends upon securing the cooperation of other nations, which will depend heavily upon the extent to which our efforts abroad are viewed as legitimate by their publics." Secretary Gates went on to say that "the solution is not to be found in some slick PR campaign or by trying to out-propagandize al-Qaeda, but rather through the steady accumulation of actions and results that build trust and credibility over time."

Do you agree with Secretary Gates? If so, what new policy directions do you plan to pursue at the Department of State? What role do you see for educational and cultural programs in this regard? What is your view of the utility of American Universities abroad or joint campuses with foreign institutions? Should they be expanded? If so, what can the Department of State do to facilitate that?

Answer. I agree with the Secretary Gates. The President has made clear that to restore America's leadership and confront the threat of violent extremism in Muslim countries, we must offer a positive agenda of hope through policies and actions that show our commitment to work for the improvement of the lives of people around the world, and to stand up with those who share our values. Over the years, our educational and cultural programs have been among the most effective ways of communicating to the world about who we are as a people and what we stand for. In recent years this aspect of public diplomacy has not received the attention it deserves and we will review the role of educational and cultural programs—including the role of American Universities and joint campuses abroad—to see how we can do better. I look forward to working with the Secretary and consulting this committee on these issues should I be confirmed.

STATE DEPARTMENT PLANNING/ORGANIZATION

Question. The planning capacities of the Department of Defense are vast. In addition to in-house planning directorates, undergraduate academies, postgraduate schools, service and national war colleges, DOD has National Laboratories and Federally Funded Research and Development Corporations. Energy, HHS, Homeland Security, NASA, NSF, NRA, Transportation, and Treasury also have FFRDCs. As a former director of the State Department's Policy Planning Staff, you would likely bring insights about the importance of such planning to your new position.

Do you believe that the Department of State currently has adequate capacity to conduct strategic planning and policy planning with respect to particular countries and regions? If not, how will you propose to address this? Do you believe the Department would benefit by having an FFRDC arrangement?

Answer. If the U.S. Government is to meet the long-term challenges to our security and prosperity, we must have an effective ability to develop a comprehensive strategy that ties together all the elements of national capability. Each component of the government needs to have strong planning capabilities to contribute to that effort, and the State Department's policy planning staff, since the days of George Kennan and Paul Nitze, has often proved the model for others. The Secretary-Designate and I are committed to assure that we sustain and build on that tradition, using not only the internal skills and capabilities that reside within the State Department, but also by closer ties with universities, think tanks, NGOs and the private sector, and will be reviewing what resources and structures can best contribute to the that goals.

Question. In the military, combatant commanders are able to address issues abroad on a regional basis, and often enjoy great influence in the regions in which they operate. Some have proposed the idea of the State Department having regional "super ambassadors" who would be able to play a similar role. What are your views of this idea? Could such an approach be made to complement the existing roles of regional assistant secretaries and ambassadors to individual countries?

¹ Robert M. Gates, "Remarks by Secretary of Defense Robert M. Gates at USGLC Tribute Dinner," U.S. Global Leadership Campaign, www.usgloballeadership.org (July 15, 2008), p. 3.

Answer. The President-elect and the Secretary-Designate have made clear that an enhanced, more vigorous and engaged diplomatic strategy is needed for the United States to meet the global challenges we confront. If confirmed, we plan to review the best way to achieve this more effective approach to projecting “smart power” and to working with the committee to help build the capacity and resources to make it possible.

EXTRACTIVE INDUSTRY TRANSPARENCY

Question. The Senate Foreign Relations Committee report, initiated by Senator Lugar, entitled “The Petroleum and Poverty Paradox: Assessing U.S. and International Community Efforts to Fight the Resource Curse” recommends that the Secretary of State exercise more effort on transparency issues and build on international momentum for extractive industry transparency at the United Nations, at the Extractive Industry Transparency Initiative (EITI) Secretariat and through our embassies. The report’s recommendations include that the Secretary elevate U.S. representation at EITI to the Under Secretary level; that the Under Secretary lead coordination meetings on extractive industry transparency; that the U.S. bolster support to EITI through the Multi-Donor Trust Fund; and inform embassies of the importance of transparency efforts and vigorously support them in international fora. What is your assessment of these recommendations? Would you implement them at the State Department?

Answer. Over the years, we have seen the profound consequences that policy choices can have on the prosperity and well-being of people in countries endowed with abundant natural resources, and the critical role the international community can play in promoting human rights and sound economic opportunity in these countries. Like the Secretary-Designate, I support a lead role for the State Department in advancing resource transparency at the United Nations, and through our leadership role in the EITI process. Our embassies continue to play an active part in promoting resource transparency and good governance in their host countries. If confirmed, I look forward to reviewing these specific recommendations, and I will work with the Secretary and consult with this committee on them.

OTHER ISSUES

Question. In a 2004 article in the Financial Times entitled “New Rules on When To Go To War,” you advocated “a concerted effort to forge a new international consensus on force and legitimacy” that would supplant the approach reflected in the U.N. Charter. Does the Obama administration intend to pursue such a new international consensus on rules governing the use of force? Would such an effort require amending the U.N. Charter? What elements do you believe such a new international consensus should consist of? What do you believe to be the prospects for gaining international agreement on new rules governing the use of force?

Answer. There are many ways in which new international thinking can emerge on contemporary challenges involving emerging threats like terrorism, nonproliferation and genocide. The United States should provide leadership in helping to generate global support for approaches that protect our interests and our values, rather than cede the field to others; but the Obama administration has made any specific proposals in this regard.

Question. In a 2006 article in the Austin American-Statesman entitled “The U.S.-India Nuclear Deal Was an Opportunity Missed” you called for a “reconceptualization of the Nuclear Nonproliferation Treaty” aimed at achieving broader international control over the production of fissile material. Does the Obama administration intend to seek changes to the NPT along these lines? If so, what specific proposals does the Obama administration intend to make?

Answer. The Obama administration will place great importance on strengthening the NPT and the nonproliferation regime in general. It will encourage all states to support more rigorous IAEA verification measures, tighter restrictions on transfers of sensitive technologies, and stronger means of enforcing compliance. There is no greater threat to our security than the spread of nuclear material and capability into dangerous hands.

Question. In a 2008 article in Newsweek entitled “How To Lead the World: To Restore America’s Greatness, Start By Listening to Others and Tending Matters at Home,” you offered the following advice to the next President: “don’t hesitate to stand up for our values: democracy, the rule of law and human rights. But remember that the best way to get others to share them is by example, not coercion. Close Guantanamo. Join the International Criminal Court.” Is it the position of the

Obama administration that the United States should become a party to the Rome Statute of the International Criminal Court?

Answer. President Obama has repeatedly stated his intention to close the detention facilities in Guantanamo. With respect to the International Criminal Court, the Obama administration intends to consult thoroughly with our military commanders and other experts, as well as this committee and the Congress. It will examine the full record of the ICC before reaching any decisions. If confirmed, I look forward to working with the Secretary and consulting closely with this committee as we consider our approach. Whether the new administration works toward joining or not, it will end hostility toward the ICC and look for opportunities to encourage effective action in the ICC in ways that promote our interests by bringing war criminals to justice.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JACOB J. LEW TO
QUESTIONS SUBMITTED BY SENATOR RICHARD G. LUGAR

LOW RANKING OF DEPARTMENT OF STATE BY OMB

Question. According to the most recent update of the Web site maintained by OMB which ranks 25 federal agencies and departments, <http://www.fido.gov/mts/cfo/public/200811/Indicators-200811-00.htm>, I was pleased to see that the State Department ranked fourth on the Fund Balance chart (Green rating) for the period August to November 2008, but was dismayed to see that State rankings dropped significantly (Red rating) for virtually all the remaining indicators:

- Amount in Suspense—Greater than 60 days (Third from Last).
- Delinquent Accounts Receivable—over 180 days (Sixth from Last).
- Electronic Payments (Last).
- Percentage of Invoices Paid on Time (Last).
- Interest Penalties Paid (Last for August, September, and October).
- Travel Card Delinquency Rates (11th from the bottom—Yellow and Red for August–September).

Answer. This matter was first raised with the State Department 12 months ago when the Department's rankings were similarly dismal.

Question. Please explain why there has been virtually no overall improvement since then and what difficulties the Department may have encountered in the intervening time period.

Answer. I have not had an opportunity to review the details of the OMB ratings of the State Department. If confirmed will work with the financial management offices responsible in each of these areas to assess what steps could be taken to achieve better performance levels. These criteria are government-wide metrics of back office administrative functions and it is important that they work efficiently. At the same time, if confirmed, I would hope that the State Department will be able to work with OMB to reach a common understanding of the most appropriate metrics to evaluate the performance of the unique programs of the State Department. I recall from my years at OMB that this was a challenging undertaking and will work to advance the overall approach to performance evaluation, which is critical to our goal of reaching a high level of efficiency and effectiveness.

RESOURCES FOR DIPLOMACY.

Last year, then-Chairman Biden and I convened a small policy advisory group on soft power. In this forum, we invited recognized experts to discuss the role of diplomacy and development to U.S. global engagement. One of the outcomes of this process was a very strong consensus on the need to strengthen the capacity of our civilian agencies after decades of neglect and underfunding. To not do so would simply further weaken our ability provide global leadership, and to effectively and coherently manage U.S. resources.

The lack of resources has had a number of negative consequences. Civilian agencies are unable to be full partners in promoting U.S. national security interests. Instead, some diplomatic and development functions have migrated to other agencies, and new foreign affairs agencies and platforms have been created with little regard for producing coordinated and coherent strategies, policies, and programs. The role and scope of Defense Department activities of a diplomacy and development nature have grown. U.S. foreign assistance programs are considered fragmented among a plethora of government agencies. There is a recognition of a decline in expertise of diplomatic staff and a lack of capacity for expeditionary diplomacy. These problems contribute to problems recruiting qualified professionals.

An American Academy of Diplomacy/Stimson Center report, “A Foreign Affairs Budget for the Future,” echoed the findings of the Biden-Lugar policy advisory group in highlighting the current state of U.S. diplomacy and urging that the first order of business should be to address shortages of trained personnel. There was a strong consensus that without strengthening capacity other proposals to improve the use of soft power will not succeed.

Question. Do you believe the State Department currently has sufficient numbers of personnel, with appropriate training, skill sets, and resources to effectively perform the necessary work of advancing U.S. interests around the globe? Where does securing a robust budget for the State Department fall on your list of priorities as Deputy Secretary of State for Resources?

Answer. America’s national security interests require a vigorous and well-funded State Department. We are concerned that the Department’s funding is insufficient to the task. President Obama, the Secretary and I believe that our diplomacy needs to be more robust. In keeping with that goal, he has called for a 25-percent increase in Foreign Service staffing, opening more consulates, and a doubling of our foreign assistance levels during his first term in office. We clearly also need to invest urgently in the Department’s technological and other infrastructure platform, so that our diplomacy can be both efficient and effective. If confirmed, I will vigorously advocate for a robust FY 2010 budget request. And, if confirmed, I look forward to working closely with you and your colleagues to ensure that the Department is funded to achieve its goals on behalf of the American people.

Question. Strengthening the capacity of the State Department involves more than increasing its diplomatic ranks. It also requires that professionals have the opportunity to develop subject expertise and to master difficult languages.

- What are your plans to strengthen expertise and language skills?

Answer. We are committed to enhancing our employees’ skills, particularly in foreign languages. In recent years, with staffing numbers failing to keep up with an expanded mission, the Department has at times had to make difficult choices—leave a position vacant or provide training. There simply have not been enough people to meet all of the demands. The President’s call for a 25-percent increase in Foreign Service staffing will help us provide both. In fact, the Department’s request includes positions so that we can provide expanded opportunities for employee training—including long-term instruction in critical needs languages and expanded interagency rotations—while avoiding detrimental staffing gaps at our posts throughout the world. We also intend to move forward with ongoing efforts to increase capacity in language training and to improve the Department’s training in the “super-hard” languages (Arabic, Chinese, Japanese, and Korean), languages that generally require 2 years of training to meet professional proficiency standards.

Question. To what extent can the Department hire mid-level professionals rather than rely exclusively on hiring junior officers?

Answer. If confirmed, I look forward to closely reviewing this issue carefully and consulting with both the Secretary and this committee. It is my understanding that the Department has used mid-level hiring programs in the past, but with mixed results.

Question. Since the end of the cold war and in a post 9/11 environment, the complexity of international security challenges has increased, pointing to a need for whole-of-government approaches. The Biden-Lugar policy advisory group concluded that State Department personnel would benefit from greater interagency experience, and that interagency rotations should be encouraged and rewarded.

- To what extent is it reasonable to incorporate a wider breadth of experience in the career paths of diplomatic personnel?

Answer. Although we are well aware of the challenges posed by staffing deficits and the Department’s growing mission, the Department must remain committed to ensuring that its diplomats have broad experience, and we will work to expand interagency rotations, exchanges, details, and training opportunities. The additional resources that were requested in the FY 2009 budget and those under discussion for the FY 2010 budget would significantly increase making this a reality.

Question. To what extent can personnel from other U.S. agencies assist the State Department in overcoming its capacity problems?

Answer. First and foremost, the Department needs additional Foreign Service staffing to ensure that U.S. diplomacy remains strong and can effectively execute its role in protecting and defending the U.S. and its citizens. We also need additional civil service staffing to bolster our Washington base. But as the world has

changed and the need for reconstruction and stabilization has grown, the Department has also taken on new roles. The Department's diplomatic corps does not generally include veterinarians, city planners, or agricultural experts—skills needed by Provincial Reconstruction Teams (PRTs) in Iraq and Afghanistan, for example. Many of those skills can be found in interagency partners and I understand that the Department has turned to them to assign personnel to staff the PRTs. Interagency partners are active participants in developing and staffing the active and standby components of the Civilian Response Corps which, when fully staffed, will significantly enhance our ability to respond to emergencies in a timely manner. With congressional support, the Department will remain prepared to develop a Civilian Reserve Corps, similar to the military reserves, that would be able to provide an even broader range of needed skills.

STATE DEPARTMENT MANAGEMENT

Question. The position of Deputy Secretary of State for Management and Resources has never been filled.

- What do you see as the priorities issues that you must address in the first year? What do you hope to accomplish?

Answer. Among my first priorities, if confirmed, will be developing a persuasive case for the additional resources that are needed to advance our foreign policy and diplomatic efforts; developing a strategy for enhancing civilian capabilities so that the State Department will be prepared to undertake responsibilities best handled by civilian rather than military personnel; and achieving better coordination across—and more effective delivery by—our foreign assistance programs.

Question. The Department already has an Under Secretary for Management position with jurisdiction over personnel, facilities, security, and consular affairs. What will be the relationship between the Deputy Secretary's and Under Secretary's portfolios? Given that the Under Secretary for Management reports to you, how will your position not turn into simply another layer of bureaucracy?

Answer. The Secretary and the President both believe that a Deputy Secretary of State for Management and Resources will be an integral part of our efforts to strengthen the Department, and to secure the resources we need to restore the power of our diplomacy. Ensuring that our State Department is functioning at its best is not only a top priority of ours, but also of the President's. He believes strongly that we need to invest in our civilian capacity to conduct effective diplomacy, provide effective foreign assistance, and operate capably alongside our military. As the Secretary has said, smart power means not only using the right tool for the right situation, but also recognizing that in many cases, the effectiveness of our military will be enhanced by the capabilities of our diplomats, and vice versa. The State Department will need to develop new tools—and sharpen old ones—to deal with complex challenges in Iraq and Afghanistan, the global financial crisis, and a variety of issues elsewhere. President Obama has emphasized that the State Department must be fully empowered and funded to confront these challenges. Secretary Gates has echoed this call. This will be one of the Secretary's core commitments, and it will be one of my core missions if I am confirmed.

Question. The Bush administration requested Overseas Comparability Pay linked to Pay-for-Performance. Does the Obama administration support either of these initiatives? Does the Obama administration believe the two should be linked?

Answer. Rectifying this pay disparity will indeed be a high priority. At bottom, this is an issue of fairness. As you have noted, Foreign Service personnel are required to spend significant portions of their careers abroad. The loss of salary income they incur is grossly unfair, all the more so given that they are compensated less than colleagues at other agencies with whom they work side by side in service to our country. We cannot expect to retain the best talent in these conditions. I know that this issue has been put before the Congress in previous years. If confirmed, I hope that we can work together to redress this matter on a priority basis.

Question. What steps do you intend to take to ensure that the civil and Foreign Service personnel systems focus on the goal of greater diversity in the workplace?

Answer. I understand that the Department strategically recruits to increase diversity so that our employees represent the best talent from a variety of backgrounds and perspectives. The Department uses a variety of programs, including the highly competitive Pickering and Rangel Fellowships (ROTC-like pipelines), the Serrano Fellowship, and our internship programs, to help us build a diverse talent pool within both the Foreign Service and civil service. But I also know that more must be done. If confirmed, I will be committed—as the Secretary is—to ensuring that diver-

sity remains an important priority of the Department's recruitment strategy, and we will work to expand and enhance the tools and outlets we use to reach and recruit talented people from all backgrounds.

Question. What is the status of the Foreign Service officer exam: In 2008 how many took the exam this year; how many passed the written exam; and how many passed the oral exams? Of the latter, how many were offered positions in the Foreign Service? What was the average length of a security clearance for those who accepted a position; how does this compare with prior years?

Answer. The following represents my best understanding, based on a request to the Department. Of the four iterations of the Foreign Service Officer Test that were administered in CY 2008, 8,889 candidates took the written exam; of these, 4,080 passed. Files of candidates who pass the written test and essay are then considered by the Qualifications Evaluation Panel (QEP). The QEP, composed of trained members of the Board of Examiners, evaluate all aspects of each candidate's file: (1) educational and work background; (2) responses to the Personal Narrative questions written by each candidate; (3) skills and abilities, including self-evaluated and Foreign Service Institute tested language scores; and (4) the written exam scores. Only the most qualified candidates are invited to participate in the Foreign Service Oral Assessment.

Of the 2,660 individuals invited to participate in the FSOA in 2008, 1,027 passed and were placed on the eligible list of hires. Offers of employment were extended to 354 individuals.

On average, the Bureau of Diplomatic Security completed a security clearance investigation in 69 days in 2008. While this figure is up from 67 days in 2007, it still falls well under the OMB goal of 105 days and is among the best in the entire U.S. Government.

FOREIGN ASSISTANCE

Question. The Bush administration elevated development as a third pillar of U.S. national security, with defense and diplomacy. Secretary Rice created the Bureau and the position of Director of Foreign Assistance and dual-hatted it with the Administrator of the U.S. Agency for International Development. The DFA was also designated as Deputy Secretary of State. Secretary-designate Clinton indicated to the committee that a full review of foreign assistance programs and organization would soon be undertaken.

- Assuming, that you will have a leading role in this review process, please describe its objectives and parameters. Will the review be limited to State Department programs or will it go further to encompass USAID and other agencies that manage some type of foreign assistance programs?

Answer. The review will extend to all of the foreign assistance programs that fall under the authority of the Secretary of State, including USAID.

Question. What are the plans of the Obama administration with regard to the F Bureau and the DFA position? Will it be maintained? If so, will it maintain its Deputy Secretary rank, as well as be dual-hatted with the USAID Administrator? What, if any changes will you institute with regard to the role and mission of the position of Director of Foreign Assistance.

Answer. If confirmed, I intend to closely review this question soon after taking office.

Question. The F Bureau has made progress in achieving some consolidation of budget reporting. In what way will this achievement be maintained and improved?

Answer. Like Secretary Clinton, I understand that the creation of the F Bureau has led to an improvement in the reporting of budget data to Department management and to Congress. And I agree with her that under any circumstance, these improvements must be maintained.

Question. If the DFA position is maintained, what will be the nature of the relationship between the Deputy Secretary for Management and Resources and the DFA? What will be your role or responsibilities with regard to foreign assistance programs?

Answer. If confirmed, I intend to closely review this question soon after taking office.

Question. Do you believe the current budget for the State Department's foreign assistance programs provides adequate resources for these programs? Do you intend

to advocate for increased resources for the Department's foreign assistance programs?

Answer. I believe that the State Department's foreign assistance programs should receive more resources and I intend to work with the Secretary and the administration to vigorously advocate for them. Throughout the campaign, President Obama stated many times the importance of development assistance to America's foreign policy and national security. And he pledged to double foreign assistance. I hope that the Congress will work with the new administration in meeting this goal, and I can assure you that the State Department will stand ready to implement these programs and more fully integrate development as one of three pillars to a new security strategy, with defense and diplomacy standing as the other two pillars. Considering the importance of the work ahead, we cannot fail simply for a lack of will or resources.

Question. Given the expected constraints of a growing federal budget deficit, a global financial crisis, continued commitments to conflict and crises overseas, what priorities will you establish in assistance areas to guide difficult tradeoff decisions?

Answer. Without question, funding will be a major challenge, not only for fiscal year 2010 but for the next several years. If confirmed, I will work with the Secretary, the President and this Congress to evaluate every spending priority based on what works and what doesn't, and what fits best with America's national security and economic interests. Working in partnership, Congress and the Obama administration will have to make smart, strategic budget choices that deal with our problems here at home while also continuing to support effective initiatives that save lives, strengthen our security, and restore America's position in the world.

INTERNATIONAL AFFAIRS BUDGET

Question. The President's annual budget submission to Congress is organized by agency rather than by purpose. The International Affairs, or Function 150, budget does not reflect the significant resources for international programs that are managed by a large number of domestic agencies. The process for developing the budget often produces a result that tends to reflect individual agency equities and concerns rather than a whole-of-government picture of foreign affairs spending. Some experts have advocated for a national security budget, or a more comprehensive international affairs budget presentation in order to provide a better understanding of the varied tools available to advance U.S. objectives and to assist in the better coordination of resources. Such a document could provide an integrated overview of how different agencies, programs, and activities are charged to meet overarching objectives of the administration. It would also allow Congress to review more conceptual strategic planning across agencies and would more clearly demonstrate the budgetary tradeoffs of different programs.

Question. Do you agree that the current budget-writing process presents a fragmented view of the international affairs budget?

Answer. The current budget-writing process aligns with the appropriation accounts and the agencies responsible for managing the appropriation accounts. I agree with the need to analyze and review the entire range of international programs in the U.S. Government—and to improve the budget presentation. A cross-cutting review of the international affairs budget would be a very useful way to evaluate whether we are best marshalling resources to meet our foreign policy priorities. If confirmed, I am committed to doing this carefully and in full consultation with Congress.

Question. Currently, total spending on government-wide official development assistance is not gathered until more than 1 year after the fact when the United States sends the data to the Development Assistance Committee of the OECD. Under your leadership, will there be an effort made to systematically collect data on spending by the 26-some agencies that manage foreign affairs programs?

Answer. I understand that timeliness of expenditure data in a given calendar year is limited. If confirmed, I will review how we might improve the timeliness and the breadth of this information.

Question. In your view, what are the advantages and disadvantages to writing a comprehensive foreign affairs budget presentation? What would be the role of the F Bureau in such an exercise?

Answer. As previously stated, the administration anticipates reviewing how the entire range of foreign assistance is conducted, and how it is funded and managed. During this review, if confirmed, I would welcome the opportunity to discuss with

you my views on the relative advantages and disadvantages of changing the foreign affairs budget presentation. Since the current budget-writing process aligns with the appropriation accounts, changes would need to be considered carefully and in full consultation with Congress. The review process now conducted by F will be a crucial part of our efforts.

ROLE OF DEFENSE DEPARTMENT

Question. There has been a recent migration of State Department authorities to the Department of Defense. Some were approved by Congress as temporary measures, such as the responsibility for training and equipping police forces in Iraq and Afghanistan. Other authorities, such as section 1206 and 1207 of the Defense Authorization Act, appear intended to become permanent. Some have argued that some authorities, particularly those to train and equip foreign militaries, are a function traditionally performed by the State Department under longstanding authorities in the Foreign Assistance Act. The Secretary of State has been given a role in the coordination of programs under these authorities and many funding decisions are made jointly by DOD and State Department teams.

- How do you assess the relationship between the two Departments in managing section 1206 and 1207 authorities?

Answer. I believe the State Department should continue to have the lead role within the U.S. Government in implementing U.S. security assistance programs. If confirmed, the Secretary and I will be reviewing the current authorities and resources for security assistance and look forward to consulting with Congress on insuring that the appropriate level of resources is allocated for security assistance programs.

Question. To what extent will you play a role in the coordination of resources between the two Departments? Will there be an attempt to rationalize the programs of the two Departments to achieve both efficiencies in the use of resources and furtherance of U.S. national security objectives?

Answer. If confirmed, I plan to consult with my counterpart at the Department of Defense—while the Secretary consults with Secretary Gates and other members of the President's national security team—to develop the optimum structure for security assistance programs. In this constrained budget environment, it is an imprudent use of taxpayer resources to duplicate assistance structures throughout the government.

STABILIZATION AND RECONSTRUCTION

Question. The United States will continue to encounter challenges and need to respond to crises around the world that arise from failed or failing states. Ongoing U.S. efforts with other international partners in Afghanistan and Iraq as well as remnant efforts in Liberia, the Balkans, Haiti and elsewhere, require continued cooperation and coherence between USG agencies and U.S. policy. I have worked with Senator Biden and the Foreign Relations Committee and the administration to prioritize the capacity of our civilian agencies, led by the State Department, to effectively engage to prevent or to respond to failed states. The Bush administration recognized the necessity of an effective civilian capacity to respond, including the critical capacity to be an effective partner to our military where necessary, by requesting \$248.6 million in the FY09 budget request for the Civilian Stabilization Initiative. Now established in law, the Coordinators Office is establishing the Civilian Response Corps that will be the heart of this capacity. Secretary Gates has also prominently highlighted the value of such a capacity for U.S. efforts overseas. Coordination among many civilian agencies and within the State Department itself requires appropriate resources and senior leadership position.

- How does the Obama administration intend to sustain the nascent coordination effort established within the State Office of the Coordinator for Reconstruction and Stabilization? What level of seniority do you believe the Coordinator should have to effectively engage counterparts within the Department and Inter-Agency to best align USG efforts in the field?

Answer. The administration strongly supports the mission of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and intend to fully resource it, as well as regularize its position within the Department with consideration of making it a bureau or equivalent. Consistent with existing legislation, the administration believes the Coordinator can effectively engage counterparts within the Department and Inter-Agency at an appropriate level.

Question. Does the Obama administration support the full FY09 budget request for the Civilian Stabilization Initiative of \$248.6 million?

Answer. Yes, the administration fully supports the FY09 budget request of \$238.6 million for the Civilian Stabilization Initiative.

Question. How will you ensure the State Department further builds its capacity to respond to emerging state failure or failed state situations, including the ability to deploy civilian personnel through the Civilian Response Corps?

Answer. As the committee knows, the Office of the Coordinator of Reconstruction and Stabilization was created several years ago, and its functions were codified last year by legislation sponsored by Senator Lugar and then-Senator Biden. Their legislation is consistent with the President's goal to build civilian capacity that can be deployed on short notice to help stabilize countries in urgent need. Stabilization and reconstruction is a mission that is of growing importance to our national security, and it is also important that the State Department have the resources and authorities to carry out this function effectively. An effective stabilization and reconstruction function within State will both reduce the burden on our Armed Forces and lead to better coordination among our civilian agencies and with the Pentagon to act effectively to stabilize and rebuild societies at risk of, or emerging from, conflict. I believe that the Office of the Coordinator for Reconstruction and Stabilization at the State Department has made a lot of progress despite a number of challenges it faced in implementing its mandate. If confirmed, I look forward to enhancing its capacity and to working closely with the committee to ensure the State Department has the means and the organization to carry out these important duties effectively.

Question. How will you develop two critically deficient capabilities of the State Department: Planning and foreign policy lessons learned?

Answer. This is a vitally important question, and will be at the heart of our review. We look forward to engaging with you on these issues as we move forward.

Question. USAID has the operational experience on the ground in development and humanitarian response that is essential. What senior role will USAID play in building an effective and meaningful diplomatic and reconstruction partner?

Answer. USAID, led by the Democracy, Conflict and Humanitarian Assistance Bureau (DCHA), is and must be the lead USG organization that provides humanitarian assistance to people in developing and rebuilding countries. Further, from Kosovo to Lebanon, Afghanistan and Sudan, USAID remains at the forefront of our government's efforts to provide critical reconstruction assistance in areas such as the rehabilitation of infrastructure, rule of law, host country capacity-building, economic growth and good governance. USAID must remain a strong partner with the State Department Coordinator for Reconstruction and Stabilization (S/CRS) in carrying out the Civilian Stabilization Initiative and the whole-of-government Civilian Response Corps (CRC).

PUBLIC DIPLOMACY

Question. In 1999, the U.S. Information Agency was folded into the State Department. Recent studies have pointed to the deterioration in U.S. public diplomacy with marked decreases in the resources devoted to such efforts. Instead, the Department of Defense has raised its profile of "strategic communication." The Stimson Center and the American Academy of Diplomacy's report "Fixing the Crisis in Diplomatic Readiness" observes that staffing cuts limit the State Department's ability to engage with foreign populations.

Question. To what extent do you agree with the assessment of the Stimson Center report?

Answer. I agree that the Department's public diplomacy efforts are under-resourced. The President intends to launch a coordinated, multiagency program of public diplomacy and is committed to restoring the strength and vision of the State Department's public diplomacy mission. As President Obama has noted, this is not a peripheral enterprise, disconnected from the rest of our foreign policy. It is an important component of our overall counterterrorism strategy, and it is a vital part of our effort to restore American leadership and reassert American values.

Question. As the manager of State Department resources, what steps will you take to revitalize U.S. public diplomacy? What is the appropriate level of resources to recreate a robust public diplomacy corps?

Answer. If confirmed, I look forward to working with the Secretary to ensure that the State Department's mission of public diplomacy is matched by the personnel, re-

sources, and organizational structure we need to carry out this critical mission. USIA was an effective, single purpose agency in many ways, but it is more practical, efficient, and effective to improve the functioning of the public diplomacy in the Department than to recreate an independent entity. The administration looks forward to a full assessment of public diplomacy at the State Department and will look to this committee and the Congress for its counsel as we consider how to make improvements.

Question. To what extent does the security requirement for colocation of our public diplomacy inside our new Embassy compounds affect the ability of foreign audiences to seek information from our libraries? Do we have any statistical evidence to suggest that the Information Resource Centers situated inside embassies draw fewer visitors than those located outside? And if so, what does the evidence suggest?

Answer. Ensuring the security and safety of U.S. Government employees overseas is very important to President Obama. If confirmed by the Senate, we intend to work closely with the professionals in the Bureau of Diplomatic Security to review colocation issues for public diplomacy. Another alternative is expanding the use of binational commissions to create welcoming and secure spaces for public diplomacy. The administration will certainly keep you abreast of these actions as we move forward.

EXTRACTIVE INDUSTRIES

Question. The Senate Foreign Relations Committee report entitled “The Petroleum and Poverty Paradox: Assessing U.S. and International Community Efforts to Fight the Resource Curse” recommends that the Secretary of State review personnel capabilities at embassies in natural resource rich states and fill current lapses in embassy staffing with the goal of exercising more effort on transparency issues in relevant countries.

- What is your view of this recommendation and would you implement it?

Answer. If confirmed, I will support a lead role for the State Department in advancing resource transparency. I understand our embassies play an active part in promoting resource transparency and good governance in their host countries, including through assistance programs addressing rule of law and governance reforms, public sector capacity, and strengthening of independent media and civil society checks and balances. The Department is continually reviewing Embassy staffing in light of the full range of policy priorities.

Question. Your Public Financial Disclosure Report lists salary and discretionary cash compensation from Citi in the amount of \$1,099,999.99. What time period does this compensation correspond to? What portion of this amount is salary, and what portion is discretionary cash compensation?

Answer. This entire amount was cash compensation. Base compensation was \$300,000 and the balance was discretionary. The time period for the payments was calendar year 2008, and reflects base pay (\$300,000) for 2008 and the balance of the compensation was discretionary based upon work performed in 2007, but actually paid in February 2008.

Question. Published reports indicate that a number of senior Citigroup executives are receiving no bonuses or substantially reduced bonuses for work performed in 2008 in light of economic conditions. Citigroup’s financial performance, and Citigroup’s receipt of U.S. Government funds under the Troubled Asset Relief Program. What was the amount of the discretionary compensation you received from Citigroup based on work you performed in 2007 and how does it compare to the discretionary compensation you will receive for work performed in 2008?

Answer. A comparison of compensation earned in 2007 and 2008 would require attribution of discretionary payments to the year in which they were earned rather than the year in which they were paid, including both deferred and cash awards. The stock I was awarded as deferred compensation is listed on the disclosure form as an asset (i.e., unvested Citi stock). The following compares total compensation awarded by the year earned:

	2007	2008
Base Compensation	\$300,000	\$300,000
Discretionary Cash Compensation	812,500	800,000
Deferred Compensation	437,500	0

Question. In a December 31, 2008, memorandum to Citigroup employees, Citigroup Chief Executive Vikram Pandit announced that Citigroup had “instituted a policy under which we can recoup executive compensation that over time proves to be based on inaccurate financial or other information.” Is it your understanding that executive compensation you received during your employment with Citigroup will be subject to this policy?

Answer. I have been informed by Citigroup personnel that the policy covers the Senior Leadership Committee and I am not a member of that committee. Accordingly, to the best of my knowledge, my executive compensation will not be subject to this policy.

Question. Mr. Pandit’s memo also stated that Citigroup has “placed significant new limitations on the amount of severance compensation that can be awarded to executives.” Is it your understanding that the severance compensation you will receive from Citigroup reflects the “new significant limitations” referred to in Mr. Pandit’s memo?

Answer. I have been informed by Citigroup personnel that they cover the Senior Leadership Committee and I am not a member of that committee. Accordingly, to the best of my knowledge, my severance compensation will not be subject to these limitations.

RESPONSES OF DEPUTY SECRETARY-DESIGNATES JACOB LEW AND JAMES STEINBERG
TO QUESTIONS SUBMITTED BY SENATOR RUSSELL D. FEINGOLD

CITIZEN DIPLOMACY

Question. Citizen diplomacy—individual Americans working and volunteering overseas—is an incredibly important tool to build relationships and improve our image abroad. There are already some great programs that support citizen diplomacy, but more can be done at the federal level. Where does this type of diplomacy fit in your overall view of U.S. diplomatic efforts and how can the State Department more actively encourage and support individuals seeking to engage in citizen diplomacy?

Answer. The support of individual American citizens is critical to the success of ECA’s programs. For example, high school students on USG-funded programs are hosted by American families during their academic year programs and thousands of Americans volunteer through the National Council of International Visitors to support the International Visitor Leadership Program. The Office of Citizen Exchanges also supports a broad range of exchange activities that offer Americans the opportunity to share their expertise and experience with their counterparts throughout the world.

Public diplomacy, or engaging foreign publics as opposed to foreign officials, is focused on supporting Americans to build and improve our image and influence abroad. One particular way to continually promote this idea is to promulgate the use of public-private partnerships. This allows U.S. companies, individuals, and organizations to partner with the Department on initiatives that target a specific overseas audience and bring private sector “credible voices” to bear in regions of the world where these partners are well respected, thus giving the U.S. the leverage it needs to bolster its image.

Question. Last May, Secretary Gates mentioned Iran specifically as a case where people-to-people exchanges—Iranians visiting the United States and Americans visiting Iran—could create opportunities for improved diplomatic relationships. Do you agree with this assessment?

Answer. Yes. The United States reestablished educational, professional, athletic and cultural exchange programs with Iran in 2006, after a hiatus of nearly three decades. These exchanges, which have had strong congressional backing, promote mutual understanding and allow Iranians and Americans to share knowledge and expertise.

Since the resumption of people-to-people exchanges with Iran, the Department has brought hundreds of Iranian professionals to the United States to participate in programs on a wide range of topics, including public health, education, disaster relief, rule of law, Farsi language teaching, art, agriculture, and sports.

The fact that these programs have taken place indicates interest and responsiveness from many sectors of Iranian society. Unfortunately, in recent months, Iranian authorities have exhibited troubling behavior with regard to participation in ex-

change programs and contact with the West. Former exchange participants have even been jailed and branded as agents of the United States.

The only goal of the Department's people-to-people programs is to generate mutual respect and good will and help lay the groundwork for better overall relations.

HUMAN RIGHTS AND SECURITY ASSISTANCE

Question. The Bush administration did not give sufficient attention to the long-term risks of providing military and financial assistance to foreign security forces known to be engaged in political repression or serious violations of human rights. Supporting local security forces can play an important role in combating terrorism and preventing instability, but can entail serious risks if the United States is seen by local populations as collaborating with or supporting repressive regimes. As you both know, there are restrictions on foreign military assistance that are supposed to guard against these risks—section 502B of the Foreign Assistance Act and the Leahy law—but it is not clear that the Bush administration treated these restrictions as binding law or that State even had the lead in making these determinations. Can you provide assurances that all U.S. Embassies will be directed to take the necessary steps to ensure these laws are vigorously implemented through a robust analysis of human rights conditions and ample consideration of how security assistance fits within our long-term foreign policy goals?

Answer. Yes. I can assure you that the Department takes seriously the human rights objectives and implementation responsibilities of section 502B of the Foreign Assistance Act and the Leahy law in order to ensure that our foreign assistance programs involving foreign security forces are respectful of fundamental human rights standards.

Diplomatic posts overseas are fully aware of the legislation and conduct human rights vetting of foreign security forces proposed to receive U.S. training and assistance. They are also required to monitor and report to the Department all credible information on possible gross violations of human rights by host nations' security forces.

If confirmed, I can assure you that the Department will carry out its foreign assistance programs, particularly security assistance programs involving foreign security force units, in a manner that is credible and that ensures respect for fundamental human rights standards.

Question. Furthermore, how can State work to encourage the protection of human rights and an end to impunity in countries we consider our allies and which we support with military assistance, such as Ethiopia or Indonesia?

Answer. If confirmed, I will work to ensure that the Department continues to pay close attention to the protection of human rights and the rule of law in countries with which we have close relations, including those we support with military assistance. We will continue to monitor the status of human rights through our annual reports, to engage bilaterally on this issue, and to advance rule of law and human rights through our democracy assistance programs. This includes bilateral engagement with military assistance recipients to promote respect for human rights and an end to impunity by promoting accountability in the behavior of the armed forces.

Human rights training is a key component of the Department's military assistance programs. U.S. military-to-military partnerships must be based on a respect for human rights. U.S. training of foreign security forces must also be consistent with section 502B, and Leahy law, which prohibit assistance to foreign security units where there is credible evidence of gross human rights violations.

If confirmed, I will strengthen coordination between the Department and our missions overseas on these important issues and strengthen our capacity to carry out the vetting needed to identify violators, to encourage accountability, and to ensure that human rights are protected. To this end, using FY 2008 FOAA funding, the Department is currently developing a new worldwide human rights vetting database. This database will centralize the Department's human rights vetting records and expedite processing.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JAMES STEINBERG TO QUESTIONS
SUBMITTED BY SENATOR ROBERT MENENDEZ

Question. You have a fairly unique perspective from having served in both the State Department and the National Security Council during the Clinton administration. If confirmed as Deputy Secretary, what do you expect your role will be in formulating foreign policy options for Secretary Clinton and President Obama? How do

you view the respective roles of the State Department and the National Security Council in advising the President?

Answer. The Deputy Secretary of State plays a number of important roles in the policy development process. Within the State Department itself, the Deputy helps to bring together the different tools of diplomacy and statecraft across the different elements of the Department (Political, Economic, Security, Public Diplomacy, etc) to present integrated options to the Secretary. On the interagency level, the Deputy Secretary is a core member of the NSC Deputies Committee, which is responsible for identifying key issues for decision by the NSC and the President, and for preparing the detailed policy analysis to inform the “principals” in their policy deliberations. As a former director of the State Department’s policy planning staff as well as Deputy National Security Advisor, I am particularly sensitive to the importance of bringing the full range of perspectives to the attention of the President. The State Department has a particularly important role with its strong professional tradition and the broad base of knowledge and experience of its personnel at home and abroad, both in formulating and implementing policy once made. But facing today’s multidisciplinary problems, where the lines between foreign and domestic issues are increasingly blurred, the NSC plays a complementary role in making sure that the President has access to the full range of tools and analysis necessary for decisions.

Question. It has been reported that the Obama administration is considering appointing special envoys to coordinate our diplomatic efforts in certain countries or regions, such as a special envoy for the Americas.

- What is your view on the appointment of special envoys?
- Is the administration considering appointing a special envoy for the Americas? If so, what would the role of that person be?
- How might the appointment of special envoys risk undercutting the role of assistant secretaries and ambassadors in that region? What do you see as the division of labor?

Answer. Past experience shows that special envoys have helped to resolve some of our country’s most pressing national security challenges and some of the world’s most intractable conflicts, from Bosnia to northern Ireland. The President and Secretary Clinton have long recognized that select challenges we face in the international arena merit special attention. We expect our special envoys to play a key role in developing effective policy strategies and to increase engagement with our key friends and allies to protect and advance America’s interests.

On January 22, the President, Vice President, and Secretary Clinton announced the appointments of Special Envoy for the Middle East George Mitchell and Special Representative for Pakistan and Afghanistan Ambassador Richard Holbrooke. As Secretary Clinton stated in her comments that day, Special Envoy Mitchell will “lead our efforts to reinvigorate the process for achieving peace between Israel and its neighbors. He will help us to develop an integrated strategy that defends the security of Israel, works to bring an end to the Israeli-Palestinian conflict that will result in two states living side by side in peace and security, and to achieve further agreements to promote peace and security between Israel and its Arab neighbors.” Secretary Clinton stated that Ambassador Holbrooke would “coordinate across the entire [U.S.] Government an effort to achieve strategic goals in the region. . . . It has become clear that dealing with the situation in Afghanistan requires an integrated strategy that works with both Afghanistan and Pakistan as a whole, as well as engaging NATO, and other key friends, allies, and those around the world who are interested in supporting these efforts.”

These special envoys will complement the efforts of our Assistant Secretaries and Ambassadors. The pressing challenges of our day require new thinking and enhanced engagement, which I am confident our new special envoys will help to provide working together with our Ambassadors, Assistant Secretaries, and other senior members of the President’s national security team.

While the administration has made no decision on whether to appoint a special envoy for the Americas, we are continuing to review our approach to today’s national security challenges, and we will keep Congress fully informed as that process evolves.

On January 26, Secretary Clinton announced the appointment of Todd Stern as Special Envoy for Climate Change. Secretary Clinton noted: “We are sending an unequivocal message that the United States will be energetic, focused, strategic, and serious about addressing global climate change and the corollary issue of clean energy. . . . The special envoy will serve as a principal advisor on international climate policy and strategy. He will be the administration’s chief climate negotiator. He will be leading our efforts with United Nations negotiations and processes involving a smaller set of countries and bilateral sessions.”

On February 20, Secretary Clinton announced the appointment of Stephen Bosworth as Special Representative for North Korea Policy. Ambassador Bosworth will report to the Secretary of State as well as to the President. In her announcement, Secretary Clinton said, "I have asked Ambassador Bosworth to oversee U.S. efforts in the Six-Party Talks to achieve the verifiable denuclearization of the Korean Peninsula in a peaceful manner. He will serve as our senior emissary for U.S. engagement with North Korea, in close consultation with our allies and partners."

Question. As you know, I have long been an advocate for greater engagement in our hemisphere. My bill titled "The Social and Economic Investment Act for the Americas," introduced during the last session of Congress, calls specifically for such increased engagement. I will be introducing the bill in this session as well and look forward to working with you in this area.

- What are your ideas on how the U.S. can increase its engagement with our neighbors in Latin America?
- How can we utilize the upcoming Summit of the Americas to set the tone for greater engagement in the region?

Answer. One of the most significant aspects of our relationship with the Western Hemisphere is how multifaceted it is and how interconnected the United States is today with our neighbors in North, South, and Central America, and the Caribbean. I think it is important to recognize that our links are first and foremost human connections—involving shared cultures, languages, values, and aspirations. These are often ties between families, and civil society, that transcend borders. We have vitally important economic, energy, and trade links, that have grown enormously over the last two decades, as well as unique geographic ties that give us all a special stake in each other's well-being.

All of this underscores the huge opportunities, and responsibilities, we have today to build stronger and more effective partnerships with our neighbors on the issues that matter most to all our peoples. The most important of these priorities are widely shared—they include social and economic opportunity, access to quality education, citizen safety, public health, and protecting the environment.

Good, pragmatic partnerships that work also have to be founded on mutual respect, a real sense of shared responsibility, and the imagination to move beyond old ways of looking at each other. They also need to be able to marshal all the tools and resources we have, collectively, at our disposal—for truly common efforts that can achieve big results.

This is the approach we want to bring to our engagement in the region. It will order how we organize ourselves internally for that task, how we seek to allocate our resources, and how we reach out to our partners in the region. It will also shape the priority we give to initiatives that use new media, and people-to-people exchanges, to strengthen further the ties between our societies. This is especially important in the area of science, where more exchanges and sharing of expertise can help all of us build capabilities that will better enable us to tackle big common challenges.

Because the summit will take place less than 90 days after the Inauguration, it offers a golden opportunity to help set the tone for our engagement with the region. It is an opportunity to demonstrate the strong and bipartisan commitment that our country has to security, prosperity, and democracy in the Americas.

The summit will be a chance for the administration to convey directly to the people of the region, and its democratically elected leaders, our commitment to working together to address serious challenges that are on everyone's minds—starting with the international financial crisis, and the pressing need to develop renewable energy alternatives and clean energy technologies.

The President and Secretary will both travel to Mexico before the summit to meet with their Mexican counterparts to discuss issues of importance to the bilateral relationship, but also regional matters. The Secretary will visit Mexico March 25–26. The President plans to travel in April before the summit.

Question. The Merida Initiative is a program I helped shape, and I believe it is in our national security interests to engage with Mexico and Central America on these issues. I discussed the initiative recently in a meeting with Mexican President Felipe Calderón. As is true of many of my colleagues, I am greatly concerned about the rising tide of violence tied to the drug trade in Mexico.

We need to make sure that our engagement with Mexico and the countries of Central America is done in a smart way, and that our cooperation helps attack the root causes of criminality and instability in the region.

- What are your views on the Merida Initiative?

- What steps can we take to help Mexico combat its drug-related violence—murders, kidnappings, etc?

Answer. The Merida Initiative has given the United States and Mexico an opportunity to forge an effective, enduring partnership to combat powerful transnational criminal organizations sowing misery, corruption, and violence in both our countries. President Calderon is determined to destroy these criminal organizations, and his aggressive law enforcement campaign is putting great pressure on them. Supporting President Calderon's efforts to dismantle these criminal organizations and to strengthen the rule of law in his country will be one of our most important foreign policy priorities.

The Merida Initiative was designed as an ambitious, but short-term, effort to provide equipment and training to take Mexico's law enforcement capacity to the next level as rapidly as possible. We want to help the Calderon administration give confidence to the Mexican people that the government will prevail against the criminal organizations. The more quickly Mexico's civilian law enforcement authorities are capable of surmounting this challenge, the sooner Mexico's Armed Forces may withdraw from the nontraditional law enforcement role they are now facing. Delaying the delivery of critical equipment and training will undermine President Calderon's ability to arrest, convict, and incarcerate these drug trafficking leaders who are challenging the Mexican state.

We are also working closely with President Calderon and many Mexican state governments to help them strengthen respect for judicial institutions because we, and they, recognize that this battle can not be won by force alone. The Mexican people must be our partners. Similarly, we are cooperating with Mexican nongovernmental organizations to shape our efforts.

Finally, the United States Government must take vigorous measures to interdict the smuggling of illegal weapons from our country to Mexico. The overwhelming bulk of the arms being utilized by the criminal organizations in Mexico are illegally purchased in the United States.

The President and Secretary Clinton will both travel to Mexico in anticipation of the Summit of the Americas. The Secretary will visit Mexico March 25–26. The President plans to travel in April before the summit.

Question. What steps are you taking to support negotiations on Cyprus?

Answer. If confirmed, I will support the ongoing Cypriot-led negotiations that began under U.N. auspices September 3, 2008, which aim to reunify the island under a bi-zonal, bi-communal federation. This support is based on a continuation of longstanding United States policy toward Cyprus founded on recognition of only one government on the island—the Republic of Cyprus. This policy is also consistent with U.N. Security Council resolutions.

Since the beginning of talks on September 3, 2008, until January 22, 2009, the leaders have met 16 times, completing a review of the first of the six key issues: governance and power sharing. Special Representative to the Secretary General Taye-Brook Zerihoun noted that they had “reached full agreement on the issue of harmonization and cooperation between the Federal Government and the constituent states of federal units.” The leaders are set to begin discussing property on January 28. Remaining issues include EU matters, economy, territory, and security and guarantees. Both leaders are to be commended for embarking on the negotiations. If confirmed, I will work to support these efforts through our Embassies in Cyprus, Greece, and Turkey as well as our mission to the United Nations. I will remain prepared, if confirmed to continue to support the process in any way that helps see a resolution of this problem that has gone on for far too long

Question. Will you call for the removal of the Turkish troops from Cyprus?

Answer. This issue will be an important part of any comprehensive settlement, which I will work assiduously to support if I am confirmed. In this regard, I will support the current Cypriot-led negotiations under U.N. auspices if confirmed.

Question. During most of last administration and the Clinton administration, a great deal of effort was focused on bringing an end to the Israel-Palestinian conflict. In spite of these efforts, the attacks of Hamas on Israel, its control of Gaza, and its continued refusal to recognize Israel's right to exist indicate that the two sides a long way from making a deal. Indeed, the circumstances on the ground make it difficult for Israel and the Palestinians to even engage in meaningful negotiations. Israel is getting ready to elect a new government, and leadership of the Palestinians remains divided between Hamas and Fatah.

- With Palestinian elections for the Presidency taking place sometime in the coming year, there is the possibility that Hamas will win and take full control of

the Palestinian Authority. What do you anticipate the Obama administration policy would be, if Abbas were to lose a Presidential election and the Palestinian Authority is wholly controlled by Hamas?

- Are there any circumstances in which the U.S. would encourage direct negotiations between Israel and Hamas?

Answer. One of the key elements to a successful peace process is the development of effective state institution by the Palestinian Authority—security, economic, judicial, social services. With U.S. assistance, some progress has been made, particularly in the training and equipping of PA security forces in the West Bank. However, much more needs to be done to develop the capacity of legitimate Palestinian security forces to seek out and stop terrorist groups that wish to attack Israel.

- What are your plans in that regard, and how can U.S. assistance be successfully used to achieve those goals?

Answer. The U.S., as a member of the Quartet, has been clear about its conditions for engagement with the Palestinian Authority and Hamas—recognition of Israel, renunciation of violence, and adherence to PLO-Israel agreements. President Abbas's government has met these conditions and Hamas has not. If Hamas were to win control of both the PA Presidency and Parliament, we would expect the same conditions to apply. Israel would, of course, have to make its own determination on whether and under what conditions to engage with Hamas.

In the meantime, we intend to continue our training, equipping, and garrisoning of the PA Security Forces through a program led by the State Department's Bureau of International Narcotics and Law Enforcement and conducted by the office of the U.S. Security Coordinator, LTG Keith Dayton. The 4th National Security Forces Special Battalion—the third NSF battalion trained under this program—will go to Jordan for training in early February. There are plans to train a total of seven special battalions—five for the West Bank and two for Gaza as conditions permit. Additionally, the State Department's Bureau of Diplomatic Security's Antiterrorism Assistance program has trained limited numbers of Presidential Guardsmen in VIP and facilities protection. Already-trained battalions have received positive reviews from the Government of Israel for their professionalism and ability, including some limited action against Hamas and Palestine Islamic Jihad. We are confident that as more troops are trained, the better the PA will be at confronting terrorist groups.

At the March 2 donor's conference in Sharm al-Sheikh, the international community expressed strong political support for the Palestinian Authority as the legitimate authority for all Palestinians in the West Bank and Gaza. Donors endorsed the centrality of the PA's plan for the early recovery of Gaza and pledged more than \$4.4 billion in assistance for the PA and the Palestinian people. Secretary Clinton announced our intention to support the Palestinian Authority and Gaza recovery with up to \$900 million in assistance. This pledge, designed in coordination with the Palestinian Authority and to be submitted to the U.S. Congress, will deliver assistance to the people of Gaza and the West Bank. To date, the United States has contributed more than \$66 million for food, potable water, medicine, and emergency shelter needs for Gaza.

The U.S. pledge accounted for approximately 20 percent of total pledged assistance—Arabs pledged over \$2 billion; Europe \$1.3 billion through multilateral and bilateral channels. Arab States, while stating their intention to establish a separate GCC mechanism to channel assistance for Gaza recovery and reconstruction, indicated their willingness to work in coordination with the international community and the PA.

The Egyptian-sponsored Palestinian reconciliation talks have stalled in large measure because President Abbas has demanded that any Palestinian Government accept the previous commitments of the PLO, which include renunciation of violence and recognition of Israel. These commitments are the essential basis for pursuing negotiations toward the two-state solution and realizing the Palestinian people's legitimate aspirations for an independent state. In discussions with Egypt and other Arab allies, as well as European partners, the administration continues to emphasize the importance of the Quartet principles.

Question. President-elect Obama has talked about direct and tough diplomacy with Iran.

- What initial steps do you expect the administration to take regarding Iran?
- Will you reach out to our allies and seek to establish with them a timeline for talks with Iran?
- Should it become clear that the Iranian Government is unwilling to engage in talks, or such talks should fail, what steps should be taken to put a sanctions regime in place that can deter Iran's nuclear ambitions?

Answer. We are still reviewing policy and consulting on our initial steps on Iran, so I do not yet have specific answers to all of your questions. However, the President has publicly stated that he supports tough and direct diplomacy with Iran without preconditions. Now is the time to use the power of American diplomacy to pressure Iran to fully meet its UNSC, NPT and IAEA obligations on its nuclear program, end support for terrorism, and cease threats toward Israel. President Obama and Vice President Biden will offer the Iranian regime a choice. If Iran addresses the international community's serious concerns about its nuclear program and ends support for terrorism, we will offer incentives like membership in the World Trade Organization, economic investment, and a move toward normal diplomatic relations. If Iran continues its troubling behavior, we will step up our economic pressure and political isolation. In carrying out this diplomacy, we will coordinate closely with our allies and proceed with careful preparation.

President Obama has stated that we are willing to commit to direct diplomacy with Iran, but this does not mean Iran's violations of its international nuclear obligations and support for terrorism cease to have consequences. We remain committed to the P5+1 process and will continue to consult with our P5+1 partners on next steps. The P5+1 Political Directors last met February 4 in Wiesbaden, Germany, to discuss our shared concerns with Iran's nuclear program. We also engage regularly with all of our allies in the Arab world on a range of issues, including Iran, and we have reassured them that our commitment to peace and stability in the Middle East is unwavering, and engagement with Iran does not undermine security in the region.

Question. What concrete actions should the U.S. take to help bring an end to the conflict in Darfur?

Answer. The United States approach to the situation in Darfur has been marked by solid intentions, but has not produced a significant improvement in security or a political solution capable of ending the conflict. We have not found the right combination of "carrots and sticks" to produce a genuine change of attitude to end the conflict or to bring the disparate rebel groups to a coherent and unified negotiating position. While our humanitarian efforts there have been substantial, civilian protection remains elusive even within internally displaced persons camps. We must learn from these lessons and adjust our approach accordingly.

Secretary Clinton has been a strong advocate for resolving the situation in Darfur and brings that dedication with her to the Department of State. As mentioned in the Secretary's confirmation testimony, we are examining options that include expanding our already comprehensive sanctions regime against Sudan, as well as reviewing the prospect of a no-fly zone and other options in this war torn region. In reviewing these options we are considering the possible impacts on humanitarian operations. We consider full deployment of the U.N./African Union Mission in Darfur (UNAMID) a necessity and a goal that we must reach as soon as possible. We will share more on these options with you as appropriate.

The utility—and necessity—of "Smart Power" is starkly evident in the situation in Darfur. It is imperative that the United States maintain its leadership through the exercise of every tool necessary, whether diplomatic, economic, or security related, to achieve an acceptable outcome. We will continue to push for and support the deployment of U.N./African Union Mission in Darfur (UNAMID) troops, a successful Darfur peace process, and sustained humanitarian support.

We recognize that the Darfur peace process is regaining momentum under the leadership of U.N./African Union Joint Chief Mediator Djibril Bassole. We will continue to work closely with his team to end the suffering of the people in Darfur.

Since my last testimony on January 22, there have been significant developments in Sudan, and the USG has responded. We condemned the Sudanese Armed Forces bombing campaign in North and South Darfur, as well as the incursion by the Justice and Equality Movement (JEM) into Muhajeria and other areas of South Darfur, which resulted in an increase of violence since January 22. The bombing campaigns in particular were a violation of the Darfur Peace Agreement, of the Government of Sudan-initiated cease-fire, and of United Nations Security Council resolutions on Darfur. We demanded that all parties to the conflict, including rebel movements, cease all violence and provocations and commit to the peace process under the leadership of Joint Chief Mediator Bassole. This process culminated in the February 17 signing of an Agreement of Goodwill and Confidence-Building for the Settlement of the Problem in Darfur between the Government of National Unity and the JEM. We are working hard to ensure that this vulnerable peace process is not negatively impacted by March 4 International Criminal Court (ICC) arrest warrant for President Bashir and the GNU's March 4 decision to expel 13 international humanitarian organizations and to close three national agencies. We condemned the GNU expul-

sion decision and are working to seek a reversal or mitigation of it so that these organizations can resume unobstructed the critical humanitarian assistance they provide to millions of Sudanese.

Question. You were serving in the State Department at the time of the genocide in Rwanda. What lessons did you draw from that experience that you would apply in the position of deputy secretary of State?

Answer. The overarching lessons learned from Rwanda are that we must act more aggressively to put an end to genocide that is in progress, and that there is no substitute for prevention when it comes to conflict areas and genocide. We must more actively engage with other countries to stop mass killings and other human rights abuses, and we will need to continue developing more nimble bureaucratic structures to avoid delays amid crises. We also better need to understand the elements of instability that lead to violence and to prevent them from escalating. As Deputy Secretary of State, I will ensure that sufficient diplomatic resources are deployed to address conflict areas in order to better anticipate the actions of foreign counterparts, and to cooperate with partners more effectively, both to facilitate more rapid decision making and a more effective response to humanitarian emergency.

Prevention also extends to the United Nations and to other multilateral and regional organizations. In the case of Darfur, for example, we must continue to do all we can to reach the full deployment of the U.N.-African Union Mission (UNAMID) in order to avoid the break-down of capacities seen in the case of UNAMIR when the time came for it to act.

I have learned that there is no “quick fix” to seemingly intractable situations like what we have seen in Darfur, but I have also learned that the painstaking process of taking early action is necessary to prevent such situations from becoming larger and more unmanageable crises that can lead to greater loss of life and suffering.

Question. What are the steps that the Department will take to facilitate a mutually acceptable solution on the name issue, which will pave the way for the country’s accession to EU and NATO?

Answer. Supporting Macedonia’s integration into NATO and the EU remains a vital element in our efforts to promote peace and stability in the Balkan region. It has been longstanding U.S. policy to urge Macedonia and Greece to pursue a mutually acceptable solution to their differences over Macedonia’s name through the ongoing U.N. mediation process, led by Ambassador Matthew Nimetz. To this end, we will continue to actively encourage dialogue between Athens and Skopje and engagement in the Nimetz process. We have and will continue to make clear repeatedly in our private, diplomatic communications and public comments that the United States strongly supports the U.N. effort to settle the issue in the near term and that we will embrace any mutually acceptable solution that emerges from the negotiations. We will continue to encourage our European colleagues to do the same. We also will continue to urge both sides to refrain from any provocative acts or statements that could make resolution of this issue more difficult or undermine progress and stability in the region. We look to the two sides to intensify their efforts to find a solution after election cycles in Macedonia and Greece are completed in April and in June, respectively.

Question. The Americas are likely to get a short shrift in the coming years. I understand we have a lot of competing priorities, but we cannot let down our engagement with Latin America. In fact, I believe we need to step it up—in terms of diplomacy, foreign assistance, and security assistance. The Summit of the Americas in Trinidad and Tobago in April is one venue for such a launch. I want to help make sure this Summit is a success, and that Chavez does not succeed in upstaging the Summit to advance his views.

- What steps should the Department take to ensure that the maximum benefit possible is realized from the Summit of the Americas?

Answer. We are committed to returning to a policy of vigorous engagement throughout the region, seeking deeper understanding and broader engagement with nations from the Caribbean to Central and South America. During her confirmation hearing, then Secretary-designate Clinton noted the unique potential of summit and our desire to build a new energy partnership, by saying “Throughout our hemisphere, we have opportunities to enhance cooperation to meet common economic, security, and environmental objectives that affect us all. . . . We are looking forward to working on many issues during the Summit of the Americas in April and taking up the President-Elect’s call for a new energy partnership of the Americas built around shared technology and new investments in renewable energy.”

The Summit of the Americas process is not perfect. Like any multilateral forum, it is often messy and frustrating. But we are working to improve it, particularly by working with like-minded governments to focus on achieving realistic, concrete, and measurable objectives and by ensuring that all stakeholders are engaged and consulted both in the summit process beforehand and to help bring greater focus to implementation afterward.

The summit process has made significant strides in its 15 years to improve the daily lives of people throughout the hemisphere, including strengthening the role of a free and independent media, improving teacher education, expanding AIDS treatment programs, and reducing the costs of remittances. Building on these accomplishments, our administration can use the summit to set a positive tone for more vigorous regional engagement.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JACOB LEW TO QUESTIONS
SUBMITTED BY SENATOR ROBERT MENEDEZ

INSTITUTION-BUILDING

Question. I supported President Bush's PEPFAR and Millennium Challenge Corporation (MCC) initiatives. However, I was concerned that funding for those initiatives would come at the expense of long-term development programs that, at their core, focus on building up the institutions of governance overseas that will ultimately need to take over and provide basic services to their people.

In many cases, this is exactly what happened.

- If confirmed, how would you prioritize long-term development programs in the context of initiatives like PEPFAR and the MCC to make sure that we are still investing in long-run institution-building overseas?

Answer. Throughout the campaign, President Obama stated many times the importance of development assistance to America's foreign policy and national security. And he and Secretary Clinton have stated that they want to double foreign assistance. The totals have to grow.

Clearly, PEPFAR has experienced much success. MCC represents a worthy new approach to poverty reduction and combating corruption. As you note, however, increases in those programs within the existing totals for foreign assistance impact the resources available for traditional development and foreign assistance programs. We must, therefore increase assistance resources. At the same time, we must ensure that all foreign assistance programs work together to maximize their effectiveness.

As for the prioritization of long-term development programs, the Obama administration, with close consultation and cooperation with Congress, will evaluate every spending priority based on what works and what doesn't, and what impacts America's national security and economic interests. We know, however, that long-term development programs play a vital role in our national security and we want to reinforce that linkage.

If confirmed, I will work to ensure that these programs are efficient and effective, but also be an advocate for the appropriate level of resources for foreign assistance programs, both within the administration and to the Congress.

Question. Millennium Challenge Corporation (MCC): The MCC has had some real problems getting started—the goals were too ambitious, disbursements were slow, the money was not “additive” as promised. However, the MCC has started an important conversation regarding how we engage overseas, and I believe this conversation needs to continue. I think the MCC may very well turn out to be an effective component of our overall foreign assistance toolkit, and should by no means be “scrapped.”

- Under your leadership, what would be the future of the Millennium Challenge Corporation (MCC)? How might it change from what we currently see?

Answer. Under the Secretary's leadership, the State Department will continue to support MCC and its underlying principle of greater accountability in our foreign assistance programs. MCC's mission of sustainable poverty reduction through long-term development is an important asset in America's smart power toolbox, and its focus on country ownership and accountability has helped build local capacity, encourage broad civil society consultation, and advance policy reform. MCC focuses on working in countries where the policy climate is most fertile for using assistance to generate sustainable results. This focus is yielding meaningful poverty reduction and strengthening good governance, economic freedom, and investments in people. As I review our development assistance framework and goals, I will consider how best to build on the promise of MCC within the administration's overall development assistance strategy.

MILITARY/CIVILIAN BALANCE

Question. I know you are very familiar with the concerns that DOD is taking too large a role, particularly in Iraq and Afghanistan but in other countries as well, in programs that are better managed by our civilian agencies like USAID and the State Department. I know that the weakened condition of USAID is one major reason for this.

- How do you intend to build up our civilian agencies so they can win the inter-agency battles on foreign assistance-related policy, strategy, and implementation?

Answer. President Obama and Secretary Clinton have stated that we cannot counter insurgent and terrorist threats without civilian counterparts who can carry out economic and political reconstruction missions. They have pledged to strengthen these civilian capacities, recruiting our best and brightest to take on this challenge, and to increase both the numbers and capabilities of our diplomats, development experts, and other civilians who can work alongside our military. This increased capacity is important in the implementation of programs, but also, as you note, in policy and strategy discussions and decisionmaking.

We will need to invest additional resources in the Department and USAID. The 25-percent increase in Foreign Service staffing that President Obama has called for would do much to address these needs for the State Department. In addition, USAID also needs additional capacity and with the support of Congress, has started to increase its Foreign Service ranks. I look forward to working closely with Congress in order to obtain the funding needed to realize these personnel increases as a high priority.

- What is your view on the 1206 train and equip authority, which has enabled the Department of Defense to direct a great deal of our military and security assistance, rather than civilian agencies?

Answer. Our view of section 1206 and other Department of Defense authorities that enable DOD to provide foreign assistance is informed by our concern that, as Secretary Clinton noted, our foreign policy has gotten out of balance and getting it back into equilibrium will be good for our government and for the image of our country. We, of course, appreciate the good work that has been done under the authority provided in section 1206 to use DOD resources to support valuable programs that have been developed jointly by the Departments of Defense and State. We appreciate the prior administration's view that section 1206 was a useful means of rapidly addressing evolving security challenges posed by, among other things, terrorist threats, as long as Secretary of State (and in some cases the relevant Chief of Mission) concurrence was a requirement of execution and provision was made for programs being jointly formulated. Clearly, State and the Department of Defense need to operate as one team in their service to the American people in creating a stable and secure international environment that is hospitable to American interests and values.

As the Secretary stated, we need to be able to justify our investment in foreign assistance to the American people and we want to get measurable results. I believe that the State Department should continue to have the lead role within the U.S. Government in carrying out foreign assistance, including U.S. security assistance programs. If confirmed, the Secretary and I will be reviewing the current programs and resources for assistance (including security assistance) and look forward to consulting with Congress on ensuring that the appropriate level of resources is allocated for such programs.

DEVELOPMENT OBJECTIVE VIS-A-VIS FOREIGN POLICY
AND NATIONAL SECURITY OBJECTIVES

Question. How will you balance the distribution of resources between: (1) development assistance, and (2) assistance aimed at security/foreign policy objectives other than development?

How will you decide what proportion of funding goes to global issues/sectors versus recipient country-led development?

Answer. President Obama identified key priorities for development programs in his administration, including: fighting extreme global poverty; achieving the Millennium Development Goals; fighting corruption; eliminating the global education deficit; enhancing U.S. leadership in the effort to combat HIV/AIDS, malaria, and tuberculosis and improving global health infrastructure; providing sustainable debt relief to developing countries; expanding prosperity through training, partnerships, and expanded opportunities for small and medium enterprises; supporting devel-

oping countries in adapting to the challenges of a changing climate; reforming the International Monetary Fund and World Bank; and supporting effective, accountable, democratic institutions and governments. Secretary Clinton stressed that we have to get our arms around what is thought of as traditional foreign aid: health, education, economic empowerment and the like, plus what is now becoming increasingly important: reconstruction, stability, conflict resolution and peacekeeping challenges.

I believe strongly that resources have to follow priorities and that funding decisions need to fit into a comprehensive strategy and vision and be linked also to our foreign policy priorities. As Secretary Clinton described at her hearing, she will ask me to review how the entire range of foreign assistance is conducted, and how it is funded and managed. As Secretary Clinton stated, we want a system that maximizes coordination and minimizes redundancies across the entire spectrum of foreign assistance. If confirmed, I look forward to working with Congress as we seek to obtain adequate resources to achieve the wide range of key foreign assistance priorities.

FOREIGN ASSISTANCE ACT REWRITE

Question. Many have called for a rewrite of the Foreign Assistance Act to help make our programs more effective and streamline authorities and help improve Congressional oversight.

- What is your view of current Foreign Assistance legislation as it relates to the ability of the administration to carry out programs in the most efficient and effective way possible? In short, does it help or hinder?
- What is your sense of the need for foreign assistance reform? What is working well, what needs more work? Do you feel that a wholesale rewrite of the Foreign Assistance Act of 1961 is needed? If Congress decides to rewrite the Foreign Assistance Act, what do you see as priorities to be addressed in new foreign assistance legislation?

Answer. Our foreign assistance infrastructure must be able to meet the challenges we face today while anticipating those in the months and years ahead. We should look at areas which can be better coordinated and streamlined, and would look forward to engaging with this committee and the Congress on ideas for reform. The President has stressed the need for clearer leadership and coordination in Washington. Similarly, we should look at those areas that have proved effective and build upon those successes.

President Obama has committed to coordinate and consolidate programs currently housed in more than 20 executive agencies so as to enhance effectiveness and accountability. If confirmed, I look forward to working closely with the Congress as we review what programs can be consolidated and other new ways to elevate the importance of development and the full range of foreign assistance in our overall foreign policy, and improve budget planning, coordination, and execution, while seeking greater resources to be used with maximum flexibility. No decision has been made about whether there is any need for specific legislative reforms. I look forward to consulting with the committee, and the Congress, on these issues as we move forward.

Question. A study released in October 2008 by the American Academy of Diplomacy, entitled "A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness" called for a 43-percent increase in State Department staffing over the next 5 years.

- In your view, how many new State and USAID Foreign Service officers are needed?

Answer. We will need to invest additional resources in the Department and USAID. The 25-percent increase in Foreign Service staffing that President Obama has called for would do much to address these needs for the State Department. USAID has been severely understaffed for the better part of the last decade. This has been recognized by the Congress which provided funding for USAID's Development Leadership Initiative (DLI). As a result of this and future funding for the DLI, USAID is in the process of doubling its career Foreign Service from approximately 1,100 to 2,200 over the next several years. Given the increased focus on development as one of the three "D's" (Defense, Diplomacy, and Development) and the need for the United States to significantly enhance this third "leg" throughout the world, particularly in the Middle East and South Asia, USAID is considering a further, possibly significant expansion in the next 5 to 7 years.

Question. There have been suggestions that USAID needs to put in place more flexible hiring procedures, so that it can attract and retain a wide range of highly qualified professionals including technical experts, subject matter experts, contracting professionals, and “top-notch” project managers.

- What changes do you believe are needed in USAID hiring policies and procedures? And in State Department Foreign Service hiring policies and procedures?

Answer. When USAID is in a hiring mode, it has consistently been successful in recruiting highly qualified candidates for the Foreign Service, including technical experts, subject matter experts, project managers, and individuals responsible for management functions; e.g., contracting, financial management, and administration. However, USAID is constrained in hiring the same kinds of individuals for its civil service in that it must follow all civil service rules and regulations. The competition for many of these skills in both the private and public sectors is strong. We will be reviewing ways of addressing this to improve USAID hiring.

In regard to State Department Foreign Service hiring policies and procedures, the Department took a hard look at our hiring procedures and instituted a streamlined process for FSO selection process in September 2007. The testing process, now online and offered several times per year, is followed by a Qualifications Panel review that incorporates a “Total Candidate” approach that enables the Department to consider the quality of candidates’ education, work history, and experiences in addition to the results of the test. Successful candidates are then invited to our oral assessment, considered an industry “best practice.” These changes have resulted in a process that not only continues to deliver high quality hires for our diplomatic service, but delivers them more quickly. The Department continually reviews the hiring policies and procedures in search of improvement.

RESOURCES FOR DEVELOPMENT

Question. At her confirmation hearing, Secretary Clinton referenced a quote from Secretary of Defense Gates, who stated, “Our civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long.” In strongly agreeing with that assessment, Secretary Clinton said, “I think that the State Department has a very big responsibility to improve its capacity with respect to both diplomacy and development, because without those two elements of our power projection and our policy being as effective as they can be, we’re not going to have the agile, comprehensive foreign policy we should look forward to.” She went on to say, “I don’t think there is any substitute for having seasoned professionals and experts leading our efforts on diplomacy and development.”

- How will you ensure adequate and appropriate resource levels for both the Department of State and USAID, given the emphasis Secretary Clinton has placed on rebuilding development expertise in civilian agencies?
- Will this priority be reflected in the President’s upcoming FY 2010 International Affairs Budget request?

Answer. We will need to invest additional resources in the Department and USAID. This is clear and a high priority of President Obama and Secretary Clinton. Without question, funding will continue to be a major challenge for the next several years due to the impact of the current economic crisis on the Federal budget. The Obama administration and this Congress will evaluate every spending priority based on what works and what doesn’t, and what impacts America’s national security and economic interests. We know, however, that we cannot counter insurgent and terrorist threats without civilian counterparts who can carry out economic and political reconstruction missions. We must strengthen these civilian capacities—the 25-percent increase in Foreign Service staffing that President Obama has called for would do much to address these needs, as will increased capacity for USAID.

Likewise, our assistance programs are vital to our national security. It has become clear that the problems of human deprivation around the globe, such as extreme poverty, lack of opportunity, and rampant disease, pose tangible threats to American interests. U.S. foreign assistance, through its many forms, is a critical tool for confronting these pressing problems. Working in partnership, Congress and the Obama administration will have to make smart, strategic budget choices that deal with our problems here at home while also continuing and where appropriate increasing support for effective programs that save lives, strengthen our security, and restore America’s position in the world.

The Obama administration plans to put forward a robust FY 2010 budget request. I look forward to working closely with Congress in order to obtain the funding needed to realize these increases as a high priority.

FOREIGN AID SPENDING LEVELS

Question. Given our current economic problems, it seems inevitable that efforts will be made to keep foreign assistance spending at current levels, or to reduce foreign assistance. I want to make sure that our foreign assistance programs are set up so that we are getting the biggest “bang for the buck.”

- In your view, what level of funding is needed to ensure that international development is a reliable pillar in our national security strategy?
- If you are confirmed, how will you and the Secretary “push back” against efforts to maintain foreign aid spending at current levels, or to cut back on foreign aid spending?

Answer. I agree that we need to ensure that we are getting the biggest “bang for the buck.” That is why Secretary Clinton has asked me, if confirmed, to ensure that we maximize coordination and minimize redundancies across the entire spectrum of foreign assistance. Both President Obama and Secretary Clinton have stated that they want to double foreign assistance. After the onset of the economic crisis, the President said it could take longer to phase in this increase by the end of his first term due to budgetary restrictions created by the need to confront the economic crisis. However, we remain committed to this goal.

I hope that Congress will work with the new administration in meeting the goal of doubling foreign assistance, and fully fund the President’s budget request. They will be invested wisely with strong accountability measures and to ensure they are directed toward strategic goals.

CIVILIAN RESPONSE CORPS

Question. In 2004, then-Secretary of State Powell established the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) to “lead, coordinate, and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife.” Last year, this office was formally authorized and is likely to receive significant funding when Congress votes on FY09 appropriations bills.

The State Department has started hiring for the Civilian Response Corps, which will be comprised of legal experts, economists, agronomists, police trainers, health professionals and educators. This civilian corps would be sent to help rebuild war-torn societies and shore up fragile states, tasks which the military is currently shouldering because we do not yet have the civilian capacities we need. President Obama and Secretary of State Clinton have spoken in favor of the civilian corps; in fact, President Obama has spoken of the need to expand the corps beyond President Bush’s vision of 5,000 individuals.

- What are your views on the mission of S/CRS and the Civilian Response Corps?

Answer. President Obama and Secretary Clinton strongly support the mission of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and the Civilian Response Corps.

- What resources do you believe are needed in the years ahead to ensure the success of S/CRS and the Civilian Response Corps?

Answer. The State Department will need the financial resources necessary to fully stand up, train, manage and deploy the Civilian Response Corps. The FY09 President’s budget request for the Civilian Stabilization Initiative, which includes the Civilian Response Corps, was \$248.6 million. The Department will also need to fund a contingency or crisis response fund to ensure that the Department has the resources needed to respond immediately to countries in crisis or in transition from crisis.

- What challenges do you see for the State Department in standing up and deploying the response corps? How can Congress and specifically this committee help reduce the obstacles to success?

Answer. The primary challenge is one of financial resources, and, if confirmed, I look forward to working closely with the Congress to meet this challenge.

Question. Funding for Conflict Prevention: For the past few years, under section 1207 of the Defense Authorization bill, the Defense Department has transferred funds to the State Department for reconstruction and stabilization work. This money has become a principal source of funding for programs run through the Office of the Coordinator for Reconstruction and Stabilization in places like Afghanistan, Iraq, Liberia, Chad, and Sudan.

During the confirmation hearing for Secretary of State Clinton, there was discussion on the need to return civilian functions to civilians, and to increase the resources of the State Department to engage in diplomacy and respond to crises.

In addition, the Genocide Prevention Task Force, chaired by Madeline Albright and Bill Cohen, recently urged Congress to allocate \$250 million annually to finance initiatives to prevent mass atrocities and genocide. Such an amount could save billions of dollars by helping us avoid costly military interventions.

- Given that reconstruction, stabilization, and development work has traditionally been the domain of civilians, should the State Department have a permanent fund dedicated to conflict prevention, response, and post-conflict peacebuilding, and not be required to rely on a yearly transfer of funding from DOD?
- [if yes] How would you assure skeptical Members of Congress that the State Department can effectively manage and account for such a fund?

Answer. The State Department should have financial resources dedicated to conflict prevention, conflict response, and post-conflict reconstruction and stabilization rather than rely on DOD under the section 1207 program.

The Secretary is committed to effectively managing all U.S. foreign assistance. If confirmed, I will work to ensure that we maximize coordination and minimize redundancies across the full spectrum of foreign assistance. I hope that the Congress will work with the new administration in meeting the goal of doubling foreign assistance, including providing resources for reconstruction and stabilization.

Question. During her confirmation hearing last week to be U.S. permanent representative to the U.N., Dr. Rice commented that “To lead from a position of strength, the United States must consistently act as a responsible, fully-engaged partner in New York . . . In the past, our failure to pay all of our dues and to pay them on a timely basis has constrained the U.N.’s performance and deprived us of the ability to use our influence most effectively to promote reform. President-elect Obama believes the U.S. should pay our dues to the U.N. in full and on time.”

- If confirmed, what priority would you place on the U.S. meeting its financial obligations at the U.N.?
- Should we condition payment of our U.N. financial obligations on management reforms at the U.N.?

Answer. If confirmed, I will consider it a priority for the U.S. to meet its financial obligations at the U.N. Our inability to pay our assessed contributions to the U.N. in full and on time is inconsistent with U.S. treaty obligations and undermines U.S. credibility, particularly on management and budgetary issues. Consistent with this view, we generally do not support withholding U.S. assessed contributions. In addition, we do not believe that withholding has been shown to be an effective means of influencing the policies of U.N. organizations.

That said, the United States is committed to making further improvements in U.N. management, accountability, and transparency, and will continue to engage closely with Secretary General Ban and other U.N. members on approaches to improving the U.N.’s effectiveness, efficiency, and transparency.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JACOB LEW TO QUESTIONS
SUBMITTED BY SENATOR ROBERT P. CASEY, JR.

GAY AND LESBIAN EMPLOYEES AT THE STATE DEPARTMENT

The Department takes commendable efforts to ensure the safety and well-being of the families of Foreign Service officers who serve their country abroad at regular intervals. However, it denies to partners of gay and lesbian Foreign Service officers the language, area studies, and other types of training that spouses receive. Partners aren’t allowed the same access to embassy medical services that spouses receive, even in countries with poor medical care, and often aren’t allowed even access to embassy facilities.

Unlike spouses, partners aren’t guaranteed evacuation in the event of political instability or danger. They can’t compete for embassy jobs, even if they might be best qualified to do the work our embassies need. And though the Department will pay to transport even a pet to an employee’s overseas post, it won’t pay the air ticket of a life partner.

Question. As the Deputy Secretary of State for Management and Resources, how do you plan to approach the issue of what benefits and training should be provided to domestic partners of Foreign Service officers?

Answer. The Department hires, recruits, assigns, and promotes employees without regard to sexual orientation. Unmarried partners of U.S. Government employees assigned abroad—same-sex and opposite-sex—are treated in an equivalent manner. Unmarried partners fall under the Members of Household (MOH) category and are afforded certain benefits, as set forth within the personnel section of the Foreign Affairs Manual. These benefits include assistance in obtaining appropriate residency permits and travel visas in accordance with local law, ability to obtain mission ID badges, consideration for mission employment if legal requirements are met, inclusion in the mission warden system and mission phone book, and inclusion on the same basis as spouses in events sanctioned by missions.

The Department allows family members and MOHs, including unmarried partners, to enroll in the Security Overseas Seminar, a 2-day course at the Foreign Service Institute that is mandatory for all employees prior to their first overseas assignment. The Department's "Iraq Predeployment Workshop" and any equivalent future classes are available to the MOHs of employees assigned to Iraq, an unaccompanied post. In addition to security-related training, the Department has extended access for MOHs to the Foreign Service Institute's distance learning and familiarization and short-term (FAST) language courses, on a space-available basis; i.e., on a par with Eligible Family Member spouses. With ability in the local language, individuals can be less conspicuous in dangerous circumstances, more alert to possible dangers, and better able to converse with first responders.

I will ask the Department's Bureau of Human Resources and the Office of the Legal Adviser to advise me whether any further steps to provide benefits and training to MOHs are appropriate and legally available.

POLITICAL APPOINTEES AT THE STATE DEPARTMENT

It is important not only to fully staff and fund the State Department, but also to ensure that our career diplomats have the ability to fill senior positions within the Department. I was pleased to hear that the Secretary-Designate plans to retain Ambassador Bill Burns, our most distinguished career Foreign Service officer, as the Under Secretary for Political Affairs. However, some reports have circulated that Secretary Clinton plans to staff most, if not all, Assistant Secretary and Deputy Assistant Secretary positions, with political appointees, even in regional bureaus traditionally headed by career diplomats.

Question. Do you have any insight into the Secretary's plans to staff the front offices of the various regional and functional bureaus? Are you concerned that naming political appointees, as highly competent as they may be, to the majority of the Department's senior positions could send the wrong signal to our Nation's career diplomats?

Answer. The Secretary is reviewing options for staffing the most senior positions in the Department's regional and functional bureaus. Throughout this process, the Secretary is looking for the people—whether political appointees or career diplomats—who will best carry out the President's Foreign Policy agenda and further U.S. interests abroad.

ARMS CONTROL/NONPROLIFERATION FUNCTIONS AT THE STATE DEPARTMENT

In 1999, the Arms Control and Disarmament Agency (ACDA), which had responsibility for arms control and nonproliferation issues, was abolished and its functions were consolidated into the Department of State. Today, some analysts believe that the 1999 consolidation of the functions into the Department of State was a mistake and are concerned over reduced emphasis on arms control and nonproliferation policy, especially following the further 2004 reorganization of the "T family" that led to the departure of some long-serving State Department experts.

Question. What is your response to those who advocate that arms control and nonproliferation functions be taken out of the State Department and assigned to independent agencies? Do you think the current structure in the State Department and its culture provides sufficient emphasis to promote these functions?

Answer. Arms control and nonproliferation are central elements of our foreign policy and core functions of the Department of State. Success in negotiating a successor to the START Treaty and promoting, developing, and securing consensus and progress on WMD proliferation requires bilateral and multilateral diplomacy, drawing on all the resources of the Department and led by the Secretary, who has made clear the priority she assigns to these issues. These functions should be integrated into the Department rather than be assigned to independent agencies. The Department's capabilities to carry out these functions will be revitalized to support this effort.

Question. Secretary Clinton spoke at her confirmation hearing of a desire to revitalize the arms control and nonproliferation bureaucracy in the Department and bring back some institutional expertise. Can you elaborate further on her plans?

Answer. The Secretary and her senior staff are considering how best to revitalize the capabilities of the Department of State to negotiate arms control agreements and achieve our nonproliferation goals.

COORDINATION OF NEW DEPUTY POSITION WITH UNDERSECRETARY FOR MANAGEMENT

While I am encouraged by your nomination by President Obama and Secretary Clinton, it remains unclear to me how your job responsibilities will fit into the existing Department organization, whereby an Under Secretary has traditionally handled management and resource issues.

Question. How will your responsibilities be coordinated with those of the Under Secretary of State for Management, a position in which I understand Pat Kennedy will continue, the senior official traditionally tasked with budgetary and administrative functions for the Department?

Answer. By statute and the Secretary's desire, I coordinate all management and resource issues. As the Secretary has said, there is more than enough work in this arena. The Under Secretary for Management remains responsible for managing the operating budget and the operations of the Department of State under my direction.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JAMES B. STEINBERG TO
QUESTIONS SUBMITTED BY SENATOR JIM DEMINT

GENERAL

Question. Under her Transformational Diplomacy policy, Former Secretary of State Condoleezza Rice began a major initiative, the Global Diplomatic Repositioning program, which proposed rebalancing the number of Foreign Service officers overseas by moving them from places like Washington, DC, and Europe to places where they are needed most, such as China, India, Brazil, Egypt, etc., and also to potentially hostile areas such as Afghanistan and Iraq. Will the administration continue to develop and execute this program? What do you see as the major successes and weaknesses of this program? What changes would you suggest be made to this initiative.

Answer. President Obama and Secretary Clinton are committed to assuring that our diplomatic resources are targeted on the areas of highest priority and importance to U.S. national interests. The Global Diplomatic Repositioning program reflected that basic approach, and if confirmed, Deputy Secretary Jack Lew and I will work with Secretary Clinton to assure that this effort is carried forward in a way that reflects emerging needs.

Question. There are several Department of Defense core competencies that are critical to the success of State Department operations; rapid global mobility (airlift operations), provincial reconstruction teams, and DOD's massive logistics system (rapidly distribute humanitarian relief via land, air, and sea). How do you foresee the State Department partnering with the DOD to increase collaboration and increase utilization of these areas of expertise? Do you support the Global Peace Operations Initiative (GPOI)? If so, how can the capabilities of the State Department and DOD be more effectively merged?

Answer. Secretary of State Gates has made clear that he supports an enhanced partnership with State Department to make sure that all the elements of U.S. power can be deployed in support of U.S. national interests. If confirmed, I look forward to working with my counterparts in the Defense Department to assure that the civilian activities can be supported to the maximum extent possible consistent with the law, and to consulting with the committee and Congress should changes be desirable. In this context, the administration will review the Global Peace Operations Initiative and consult with the committee on how the administration plans to take it forward.

Question. What steps will you take to make sure that the State Department combats violations of religious freedom and related human rights worldwide as required by U.S. legislation? Former Secretary of State Madeline Albright wrote that the State Department routinely ignores the "religious factor" in achieving U.S. global objectives. Some studies indicate that the robust promotion of freedom of religion or belief by the U.S. will aid in fostering durable democratic societies, insuring sus-

tainable local economic development, and fighting extremism. Do you agree with these views?

Answer. President Obama and Secretary Clinton have highlighted the importance of a foreign policy that reflects our values, including our commitment to freedom of conscience. In his Inaugural Address, President Obama sent a clear message to those who deny the rights of their citizens, including the freedom to worship: “To those who cling to power through corruption and deceit and the silencing of dissent, know that you are on the wrong side of history, but that we will extend a hand if you are willing to unclench your fist.” And Secretary Clinton addressed this issue with clarity and passion in her testimony before this committee: “[R]eligious persecution . . . is anathema to Americans. [W]e believe in the freedom to worship. . . . I believe that that is an area that we want to talk more about, that we want to raise, because of the significance. You point out rightly that . . . we have given a lot of aid and . . . we have given a lot of blood on behalf of certain countries that—that persecute not just Christians but people of other religious beliefs, even interfaith beliefs within the same denomination or particular view of religion.” And I wholeheartedly concur in all of those comments.

USE OF FORCE

Question. In your 2005 LA Times article you advocated that “preventive military force has a role in managing today’s security challenges.” Further you wrote “understanding that role is step one; establishing agreed standards for its use is step two; and implanting these standards in an effective institution is the third step.” What role do you see for the State Department in step two, establishing agreed standards? What diplomatic criteria do you believe needs to be met prior to preventive action? How does one implant these standards in an effective institution?

Answer. The State Department has vital role in working with our friends and allies, as well as within international institutions, to articulate basic principles that all states should accept, governing the use of force to protect national security interests, in response to emerging national security threats such as terrorism, nuclear proliferation and genocide. Sometimes these rules may be formally adopted by organizations such as NATO in documents such as the NATO strategic concept; sometimes they may be better suited for informal agreement.

FAMILY PLANNING

Question. For more than 30 years the Hyde amendments, which prohibit federal funding for domestic abortion services, have been supported by Republican and Democrat administrations and Congresses. Unfortunately, while this is the domestic policy of the United States, President Obama has vowed to reverse our foreign policy by repealing the Mexico City policy and use federal taxpayer dollars to fund abortion services overseas. Do you support President Obama’s efforts to lift the Mexico City restrictions? Do you believe our foreign policy should contradict long-held domestic policies?

Answer. President Obama has supported repeal of the Mexico City policy, as has Secretary Clinton. Longstanding law, authored by Senator Jesse Helms, expressly prohibits the use of U.S. funds for abortion. The Mexico City policy is an unnecessary restriction that, if applied to organizations based in this country, would be an unconstitutional limitation on free speech.

Question. How will the “ABC Method” under the PEPFAR program be utilized in the formation and/or reevaluation of administration policy as applied to foreign aid? Specifically will the administration continue to support the “A” and “B” Components of PEPFAR?

Answer. The President has applauded President Bush’s efforts to combat HIV/AIDS. He is committed to fully implementing the President’s Emergency Plan for AIDS Relief and to ensuring that best practices drive funding. We will review PEPFAR options and consult with the committee as we move forward.

ISRAEL

Question. The United States and Israel have signed a memorandum of understanding laying out expectations for U.S. military assistance to Israel for the next 10 years. This aid enables Israel to maintain its qualitative military edge (QME)—effectively its ability to defend itself against all possible conventional threats.

- Are you and the administration supportive of the 10-year U.S.-Israel aid agreement?

Answer. Yes.

- Do you intend to send to Congress a request for \$2.775 billion for fiscal year 2010?

Answer. The State Department will be working with OMB on the President's budget request for FY 2010, so it is premature for me to comment on issues involving budgetary support.

U.S.-ISRAEL MEMORANDUM OF UNDERSTANDING

Question. Just last week, the U.S. and Israel signed a Memorandum of Understanding that restated America's "steadfast commitment" to Israel's security, "including secure, defensible borders, and to preserve and strengthen Israel's capability to deter and defend itself . . ." The agreement reaffirmed a high level of security, military and intelligence cooperation as well as U.S. assistance to Israel. Specifically, the MOU discussed the many things the U.S. and our allies should do to ensure that smuggling to Gaza is prevented in order to deprive Hamas the ability to rearm.

- The agreement was signed by former Secretary of State Rice but, I'm told, reflects the thinking of the Obama Administration as well.
- Does it, in fact, reflect current administration thinking? Could you explain the details; go into a little detail about the MOU?
- What particular steps is the Obama administration willing to take in order to help prevent the smuggling of weapons into Gaza?

Answer. The Obama administration supports actions necessary to ensure a sustainable cease-fire. It is strongly committed to working with the Government of Israel and other partners in the region, including Egypt, to end the smuggling of weapons and other contraband into Gaza, which has fueled the recent conflict. Generally speaking, international agreements convey from one administration to a next in order to ensure some continuity of relations and that is particularly so with close allies like Israel. The administration is prepared to provide appropriate officials to brief the committee further on the particulars.

ISRAELI-PALESTINIAN PEACE PROCESS

Question. Historically, the United States has played an important role in working to bring about an end to the Israeli-Palestinian conflict. Generally, the U.S. policy has reflecting the understanding that: (1) ultimately, peace must be negotiated in a bilateral fashion between Israel and the Palestinians; (2) our desire for peace is not sufficient to create a willingness on the part of the Arab States and Palestinians to reach an agreement; (3) conditions must be right on the ground; (4) though the U.S. plays a very important role, there should be no imposed solutions; and, (5) as far as international involvement is concerned, the U.S. should maintain a primary position.

- How would you define the proper and most effective U.S. role in support of Israel-Palestinian peace?

Answer. The specific role the administration would play in helping Israel and the Palestinians reach agreements, including on final status issues, would very much be determined as an outgrowth of consultations with the parties. We have just begun those consultations and will be making this a top priority.

- How will the new Secretary structure U.S. involvement in the peace process? How involved will you be? Will there be a special envoy? How do you imagine the work being divided among various State Department entities, the White House, and the NSC?

Answer. The Secretary is committed to having a special envoy for North Korean human rights and a policy coordinator and special envoy for Burma as required by law. We will ensure that these envoys have appropriate access to the Secretary and to me, and we will keep the committee fully informed as we move forward.

IRAN

Question. What is President Obama's starting point with the situation in Iran as it approaches the capability to produce a nuclear weapon while also testing medium- and long-range ballistic missile technology?

Answer. The new administration will present the Iranian regime with a clear choice: abandon your nuclear weapons program, support for terror and threats to Israel and there will be meaningful incentives; refuse, and we will ratchet up the pressure, with stronger unilateral sanctions; stronger multilateral sanctions in the Security Council; and sustained action outside the U.N. to isolate the Iranian re-

gime. A nuclear-armed Iran is unacceptable, and all elements of American power are on the table to prevent Iran from obtaining a nuclear weapon—that must begin with the power of aggressive American diplomacy.

NORTH KOREA

Question. 11. Senator Clinton testified that the administration would consider new restrictions against North Korea for their uranium enrichment activities. What specific options would you propose the Obama administration consider following enactment of previously lifted sanctions on North Korea?

Answer. The new administration will pursue direct diplomacy bilaterally and within the six-party talks to achieve the complete and verifiable elimination of North Korea's nuclear weapons programs, and an accounting for North Korea's past plutonium production, uranium enrichment activities, and proliferation activities. Sanctions should only be lifted based on North Korean performance. If the North Koreans do not meet their obligations, we should move quickly to re-impose sanctions that have been waived, and consider new restrictions going forward.

Question. The Bush administration appointed special envoys for North Korean Human Rights and Burma, though these special envoys never were able to impact the setting of U.S. policy direction or priorities. Will you continue to appoint special envoy's for these two countries and how would you make sure that their advice is included when setting policy and diplomatic priorities?

Answer. The Secretary will appoint a special envoy for North Korean Human Rights as required by law. We will ensure that these envoys have appropriate access to me and the Secretary.

CHINA

Question. Chinese aid and economic expansion in Africa has outpaced any other nation and it is estimated that by 2010 they will exceed the U.S. as the No. 1 exporter to the continent. Please explain the State Department's strategy with regards to aid and also building partner capacity with U.S. companies to lessen any further loss of influence in the region.

Answer. In Africa, the foreign policy objectives of the Obama administration are rooted in security, political, economic, and humanitarian interests, including: combating al-Qaeda's efforts to seek safe havens in failed states in the Horn of Africa; helping African nations to conserve their natural resources and reap fair benefits from them; stopping war in Congo; ending autocracy in Zimbabwe and human devastation in Darfur; supporting African democracies like South Africa and Ghana—which just had its second change of power in democratic elections; and working aggressively to reach the Millennium Development Goals in health, education, and economic opportunity.

As my colleague, Jack Lew, said today, we have to leverage the resources of international organizations, allies, corporations, foundations, and NGOs to maximize our impact. We must learn from efforts that have not succeeded, while bolstering those that are delivering results. We will review the most effective ways to build partner capacity with the private sector to achieve our objectives.

MIDDLE EAST

Question. President-elect Obama has said that among his foreign policy priorities will be to rebuild and revitalize our relationship with the European Union. One opportunity of mutual concern may be to work together on religious freedom problems in Saudi Arabia.

The head of the EU Parliament visited Saudi Arabia at the end of December and raised religious freedom concerns with every high-level Saudi official he met, specifically requesting that non-Muslim places of worship be permitted in the Kingdom in the same way that mosques are allowed to be built in Europe. Given that Saudi Arabia is the only Gulf State that prohibits non-Muslim places of worship, would you be willing to stand with the EU by publicly urging the Saudi Government to more actively address their dismal religious freedom and human rights record and to permit non-Muslim places of worship?

- What priority would you give to getting genuine confirmation of previous Saudi promises to reform educational textbooks that promote anti-Semitism and hatred toward non-Wahabi Muslims, Christians, and other faith groups?
- How would you work to end religious repression of nonconforming and minority Muslims, such as Shia and Ismailis, and the millions of Muslim and non-Muslim expatriate workers in Saudi Arabia?

Answer. Saudi Arabia has a key role to play in nearly all of the major challenges we face in the region. We have cooperated closely with the Saudis, but also had major points of disagreement on the treatment of women and religious minorities, as well as the export and support of Islamic extremism. The President will place a high priority on engaging the Saudis in a comprehensive dialogue on all of these issues. We need to lay out for them a clear regional strategy that addresses our priorities and what we expect from our partners.

RESPONSES OF DEPUTY SECRETARY-DESIGNATE JACOB J. LEW TO
QUESTIONS SUBMITTED BY SENATOR JIM DEMINT

STATE DEPARTMENT MANAGEMENT, ACCOUNTABILITY,
AND ORGANIZATIONAL STRUCTURE

Question. President Obama has nominated two Deputy Secretaries which is a departure from the past organizational structure of the State Department. What will the new management and operational organizational structure be? How will duties and responsibilities be divided or shared? Who will be accountable for which decisions, actions, and results?

Answer. The Secretary and the President seek to use both Deputy positions that are available in law—to manage the overall foreign policy agenda and to manage the operations and resources needed for success. Jim Steinberg, if confirmed, will be responsible for assisting the Secretary in the formulation and conduct of our foreign policy; if confirmed, I will be responsible for assisting the Secretary in the management of the operations and resources of the Department including the coordination of foreign assistance and global programs.

FOREIGN AID REFORM

Question. Senator Clinton committed President Obama to “enhancing our foreign assistance architecture to make it more nimble, innovative, and effective.” In your position, you will play a key role in shaping and implementing reforms. What specific ideas and actions do you believe are necessary to achieve these goals?

Answer. Among my first priorities, if confirmed, will be developing a persuasive case for the additional resources that are needed to advance our foreign policy and diplomatic efforts; developing a strategy for enhancing civilian capabilities so that the State Department will be prepared to undertake responsibilities best handled by civilian rather than military personnel; and achieving better coordination across—and more effective delivery by—our foreign assistance programs.

STATE DEPARTMENT CULTURE

Question. Senator Clinton did not answer my question with regards to a need for an increase to the number of Foreign Service officers or addressing problems with the State Department’s Corporate Culture. Please specifically explain how you intend to reform the Foreign Service to meet 21st century needs.

Answer. America’s national security interests require a vigorous and well-funded State Department. We are concerned that the Department’s funding is insufficient to the task. We clearly also need to invest urgently in the Department’s technological and other infrastructure platforms, so that our diplomacy can be both efficient and effective. If confirmed, I will vigorously advocate for a robust FY 2010 budget request. And, if confirmed, I look forward to working closely with you and your colleagues to ensure that the Department is funded to achieve its goals on behalf of the American people.

RESOURCES

Question. Senator Clinton incorrectly stated that there are more members of military bands than Foreign Service officers—a statement borrowed from Secretary Gates—which was then and still is factually incorrect. While there are roughly 1,000 active duty members in DOD bands, there are approximately 6,500 Foreign Service officers and 5,000 Foreign Service specialists. Regardless, many acknowledge a need for more Foreign Service officers. How many more officers do you think the State Department needs to accomplish its mission, how would you implement additional personnel?

Answer. President-elect Obama, the Secretary, and I believe that our diplomacy needs to be more robust. In keeping with that goal, he has called for a 25-percent

increase in Foreign Service staffing, opening more consulates, and a doubling of our foreign assistance levels.

Question. In our current economy wouldn't it be more economical to deploy more of the Foreign Service's 11,500 experienced personnel it currently has assigned rather than adding a flood of new and inexperienced personnel?

Answer. I have not yet had the opportunity to review in detail the deployment of Foreign Service personnel. If confirmed I will make such a review a high priority and would be happy to consult with you at that time.

METRICS

Question. Senator Clinton failed to answer my question with regards to what metrics should the U.S. Government use to gauge the success of U.S. Foreign Assistance Programs. In addition to what metrics we should use to gauge success, what criteria should the government use to determine elimination or reduction of foreign assistance programs?

Answer. While our foreign policy goals are clear, it is difficult to measure the performance of individual programs and initiatives. It is important that the Department develop metrics that help with the assessment of program performance, and if confirmed I will work both with the Department and the Congress on an approach that will contribute to better policy and program implementation.

