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CHANGING AMERICAN DIPLOMACY FOR THE NEW CENTURY

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CHANGING AMERICAN DIPLOMACY FOR THE NEW CENTURY

Wednesday, February 2, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
WASHINGTON, DC

The Committee met, pursuant to notice, at 10 a.m. in room 2118, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The Committee will come to order. Members, please take their seats.

We want to welcome all of you here today as we initiate our Calendar Year 2000 oversight hearings. We welcome our witnesses today.

We are using the Armed Services Committee hearing room today because the International Relations Committee room is being renovated to modernize our facility with high-tech audio-visual equipment. It will keep us out of that room for a few more weeks, but then we look forward to being able to have exchanges with parliamentarians around the world through the use of this equipment.

Today's hearing, "Changing American Diplomacy for the New Century," is an opportunity for our Committee to review and discuss the findings and recommendations of the November 1999 report by the Overseas Presence Advisory Panel on "America's Overseas Presence in the 21st Century.

We decided to start the year with this hearing to emphasize the importance we place on the issues tackled in this report and to announce our support for implementing many of the recommendations. The care of a great institution requires us to be responsible not only for the day-to-day management, but also to look forward to the future to make certain that institution thrives.

We have received many advisory reports in my time, and I want to compliment this panel for clearly laying out the issues that must be addressed to modernize the foreign policy structure. I wholeheartedly agree with the panel on the point that the key to success is setting up on interagency process to coordinate activities among the various government agencies involved in foreign affairs. The President must provide the leadership for a comprehensive approach to rationalize our diplomatic presence.

I support an overseas presence for all reasons as stated by the panel, but as this report points out, it is how that presence is designed and whether the mission and goals are results-oriented that will determine a modern State Department operation.

The Results Act sets up the means to link goals and results to resources. That must continue to be part of both the mission-planning process and Washington's allocation of resources. Let me note that it is regrettable that the Administration chose at the time of its release of the panel's report in November to bash the Congress over the nonissue of cuts in State Department funding. As a chart I have distributed to our Members makes clear, State Department funding has been increased, not decreased, over the years. In fact, the moneys available to the Department set records in real inflation-adjusted figures last year.

The State Department needs to spend its money more effectively, and we will certainly want to make some changes to increase flexibility along the lines indicated by the Overseas Presence Advisory Panel's report.

I have a long-standing respect for the generallists in foreign service who undertake the challenges of living abroad. However, over the years I have become a believer that certain jobs should be confined to professionals in the field, including security, personnel, information management, and facility and construction management. In some instances that has occurred, and that is to the benefit of the State Department.

In addition, if the State Department has staffing gaps in any particular area, they might well be addressed by lateral recruitment, the practice undertaken by organizations thought of as traditionalists, such as the British Foreign Service.

Over the past few years, senior leaders at the Department have been more preoccupied with responding to day-to-day crises, and they have neglected the changing needs of their institution. I hope that the panel's recommendations will be acted on in the Year 2000, and that the report will provide an agenda for the incoming Administration.

Having visited many posts in my time, I know we have talented people who can adapt to changes and probably would welcome a new approach to diplomacy.

[The prepared statement of Chairman Gilman appears in the appendix.]

I would be pleased to recognize the Mr. Delahunt for any opening comments he may have.

Would you have any opening comments, Mr. Delahunt?

Mr. DELAHUNT. I note the Chair of the Subcommittee——

Mr. SMITH. Thank you.

Mr. DELAHUNT. I was just going to review a statement here.

Chairman GILMAN. Mr. Smith does have a hearing.

Mr. SMITH. I am chairing a hearing, as Chairman of the Helsinki Commission on the crisis in Chechnya. We have Chechen parliamentarians, and that is also taking off at 10 o'clock, so I am going to be shuttling back and forth.

But I want to thank this extraordinary panel for the fine work that you have done. Our Subcommittee in the past has heard from a number of very, very interested people, including Admiral Crowe who presented riveting testimony about a year ago, in March, as well as David Carpenter, the Assistant Secretary for Diplomatic Security, who pointed out at the time, Mr. Chairman, as you know, that the number of threats against our embassies abroad had lit-

erally doubled from 1 year to the next, and that transnational terrorism had certainly raised the bar, significantly underscoring the need for a significant multiyear investment in embassy security.

I am very pleased to note that H.R. 3427, which I introduced, and was cosponsored by our very distinguished Chairman, Mr. Gilman, and the Ranking Member of our Committee Mr. Gejdenson and Cynthia McKinney, not only passed but was signed by the President in that final push for legislation in the waning days of the last Congress. That bill was on life support more times than I can shake a stick at, but it significantly included $5.9 billion for embassy security and general moneys over 5 years for that, $900 million per year over and above the account for security and maintenance.

So we have tried to at least authorize, put us on a glide slope to making sure that our people abroad are adequately protected, that there is a proactive security arrangement so that their lives and the lives of their loved ones are not put at risk more than is required, and shame on us if we don't do all that is humanly possible to protect our personnel overseas.

Again, you have recommended a $1.3 billion annual over 10 years which is pretty much in line with what we are trying to do, and now the big fight in the out years to make sure that the appropriators come up with the funds to meet the authorization level at least.

So, again, I want to thank you for this excellent report. Regrettably, I do have to run over to this Chechen hearing, time being what it is, scheduling conflicts, but thank you.

Chairman GILMAN. Thank you, Mr. Smith. Mr. Delahunt.

Mr. DELAHUNT. Yes. Thank you, Mr. Chairman. I am going to read a statement prepared by the Ranking Member, Mr. Gejdenson, who I want to assure you is under the weather, and he was here just a moment ago, and I turned to my right and I noticed his absence. So I am going to have to pinch hit for him, so to speak, but I want to, on behalf of Mr. Gejdenson, welcome you, Mr. Kaden, as Chairman of the panel and other Members of the panel that are here today, Ambassador, and Dr. Davis, as well as all the members who are not here but who put in a great deal of work over the past 1½ years.

The panel did have broad representation, both from within the government as well as the private sector, NGO's and academic institutions. It is clear that much research, analysis and thought went into the recommendations of the panel. Thank you, Chairman Kaden, for leading this effort to re-examine the systems and processes through which our diplomatic mission is conducted.

As you pointed out in your report, the nature of diplomacy has changed dramatically in the post Cold War era. Our embassies are having to engage with a broad array of actors through multiple mediums, and on an increasing number of issues. The proliferation of international terrorism has added a new level of risk to our overseas missions, and yet in the face of these new and increasing demands on the talented and dedicated men and women that carry our foreign policy, Congress has not stepped up to its responsibility.

While we agree with many of your findings, I am frustrated with the lack of support within Congress to adequately fund the 150 account and provide our President and Secretary of State with the resources they need to upgrade and modernize our foreign policy apparatus. I hope this report will serve as a wake-up call to my colleagues that our diplomatic mission is in crisis, and we look forward to hearing your testimony.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Delahunt. Any other Members seeking recognition? If not, we will proceed with our panelists.

Today, we have three distinguished Members of the Overseas Presence Advisory Panel who have agreed to discuss their findings and recommendations of their panel. First, we have Lewis Kaden who chaired the panel. Mr. Kaden holds degrees from Harvard and currently is a partner in the law firm of Davis, Polk and Wardwell in New York City. Mr. Kaden has an extensive background in the public and private sectors and brings a great deal of experience to the task of modernizing our State Department.

Also joining us is Ambassador Tony Motley, who was our Ambassador to Brazil, and the Assistant Secretary of State for Inter-American Affairs. He has also been in private and public sector positions in the State of Alaska. Ambassador Motley currently heads an international trade consulting firm and finds time to Co-chair the State Department's Ambassadorial seminars.

In addition, we have Dr. Lynn Davis, currently a Senior Fellow at Rand where she has served on the review boards that investigated the embassy bombings in East Africa as well as this panel. She is also on a study group of the Commission on National Security in the 21st Century. Dr. Davis previously was the Undersecretary of State for Arms Control in International Security Affairs. She holds a Ph.D. in political science from Columbia University.

I welcome all of our panelists and ask that you proceed with your statements. Without objection, your statements will be entered into the record. Also, without objection, I am submitting for the record the statement of Admiral Crowe, who is not able to be with us today but commented on the panel's findings. Please proceed, Mr. Kaden.

[The prepared statement of Admiral Crowe appears in the appendix.]

STATEMENTS OF LEWIS KADEN, CHAIRMAN, OVERSEAS ADVISORY PANEL

Mr. KADEN. Thank you, Mr. Chairman. Let me make just a few points about the panel's report and the recommendations that are more fully summarized in the statement which you have included in the record. Let me say at the outset, on behalf of all the panel members how much we appreciated the cooperation and the opportunity to consult with you, Mr. Chairman, and with Members of this Committee in the course of our work. I spoke on several occasions with you and with others, including Congressman Smith and Congressman Gejdenson, Congressman Bereuter and other Members of your Committee, and those consultations were enormously helpful to us in our work.

Let me summarize our conclusions this way, and then I will be happy to elaborate in the course of our colloquy.

First, we concluded, as you know, that in today's environment, the activities engaged in by U.S. Representatives overseas are, if anything, more important than they were in the past. That is not a self-evident proposition. There are those who say that in the era of CNN and rapid communications and travel around the world, why do we need to have on-the-ground presence in so many places? Why do we need to subject thousands of men and women who serve the United States to the dangers and risks of activity overseas. We conclude that given the array of challenges and opportunities for the U.S., the complex tasks we ask our representatives to perform, and the importance of those tasks to our national security and our national interest, that it is even more important that we have the right people, with the right skills and the right support and the right protection on the ground around the world.

So that is our first conclusion. I can elaborate on that. You are all familiar with that agenda. Some years ago, several decades ago, diplomacy consisted essentially of interacting with other governments and reporting on those interactions back to Washington. Today, it is entirely different. As markets open up, as political systems change, we ask our representatives to interact on a daily basis, not only with the governments in the countries in which they serve, but with the civil society, with business groups and labor groups, with political interests and other groups, public interest groups of all kinds, and that requires a degree of skill and training and background that is really quite different than it was some time ago.

We ask those representatives to be expert and to engage not just in the kind of political and economic issues and strategic issues that occupied the agenda in past decades, but to also be involved in global environmental issues, in combating crime and terrorism, in dealing with weapons proliferation, in dealing with the spread of disease and the development of vaccines against new diseases and a host of other issues. So we see these functions and the activities we ask our representatives to perform as more important than ever, more challenging than ever.

Second, we concluded that the state of our activities overseas, the way they are organized, the way they are staffed, the way they are housed and equipped, is in a sorry state of disrepair. The report says that it is perilously close to system failure, and those were words we chose carefully. For the greatest country in the world, with the greatest potential influence of any nation in the world, to send our men and women overseas and put them in the conditions that they serve in, in so many places, not just in terms of dilapidated physical facilities or inadequate security, although those are extremely important, but also in circumstances lacking basic technology, basic training and skill development, basic match up of their experience with the challenges and tasks they are asked to perform.

This is an area in enormous need for improvement, and the promising thing is that this is not an area that provokes partisan differences like so many other issues that we debate in this town. Everyone, from whatever political persuasion, has an interest in

seeing to it that the United States engages in these activities effectively. As you said, Mr. Chairman, in your statement, the government has to perform these functions efficiently in order to set the foundation for asking for the resources necessary to perform them, and it is an obvious tradeoff. Until the government manages these activities effectively they are on weak ground in asking you for the additional resources that are necessary.

So the answer to us is, and the report says this, that this requires a partnership between the Administration and the Congress to see to it that the activities are properly organized, efficiently managed, effectively performed and properly funded. It all goes together.

Our recommendations, let me just highlight four or five of them very briefly. The first is security. As Admiral Crowe concluded in his review of the circumstances in the bombings in East Africa, our first obligation is to offer adequate and secure protection to those men and women we ask to serve overseas, and in this regard, not only the facilities and the capital improvements have to enhance security, and that does take resources, but also the simple things, the procedures, the training, the windows, the things that we can do in the short term on limited budgets are areas of improvement that we have to do, and we have to do urgently so we can say to our representatives the government has done what it takes to control and limit the risks under which you serve.

Those risks will always exist. There are dangers in the world. There are dangers we are all familiar with. But it is simply inexcusable not to make the investment and training and procedures and leadership, not to have clear lines of accountability and responsibility for security within the government, and those are the issues that our report addresses.

Second, right sizing. We think it is important that all the agencies of government with an involvement overseas cooperate through an Interagency process under the President's leadership and chaired by the Secretary of State to develop staffing patterns post by post around the world that do two things: that match up skills with mission priorities, and there are some enormous challenges in that regard; and that size the staff of embassies in a way that we can say is as efficient and effective as possible. So there are two objectives, at least two objectives here. One is a better match up of mission tasks and the skills of the staff we assign to do them, and the other is to be able to say that we have a lean and agile and well-equipped force to do the job as efficiently as possible.

Our panel concluded on the basis of our visits that there are places in the world where there is a great deal of room for improvement in this area, both on the match up of skills and tasks, and on the number of people. Let me just give you one example. Ambassador Rohatyn, who serves in Paris, was an active member of our panel and a very distinguished businessman and public servant from New York with whom I have worked for many years. He arrived in Paris and observed—the numbers varied depending on how you count and which day you ask the question—but there are somewhere between 1,200 and 1,500 people serving in the embassy and consulates in France. Many of our allies who are doing considerable business in France have their staffs around the country at

a third, a quarter, some cases 40 percent, of those numbers. Britain and Germany, for example, who do a tremendous amount of business in France of all kinds, have great interest in France, have roughly a third the number of people we have.

Ambassador Rohatyn also observed that the people weren't in the right place. In France, the centers of commercial and business activity are not in Paris. They are not around the national government. They are in Lyon and Tours and other cities, and he came up with the idea, why don't we take a single officer and some support staff and put them in those places, they can do a great deal of good with a cell phone and a computer and a car, advocating U.S. commercial interests, pursuing other U.S. national interests, and he has managed to implement, with congressional help, three or four of those small presence posts as they are called.

I think when he is asked by this Interagency right sizing Committee to come up with a pattern of staffing for France, you will see significant reductions in the number of people and significant enhancements in the skill level and tasks which they are capable of performing, and there will be savings in that, but equally importantly, there will be an enhancement of the effectiveness with which they represent U.S. interests. I think the same is true in many other places in the world.

So we suggest that the President convene that Interagency Committee, designate the Secretary of State as the Chairman and get it moving on some selected posts. You can't do them all at once. You have to pick out some targets. I think the Secretary of State has taken some steps in that direction, and hopefully the President will put his influence behind it so that all agencies of the government cooperate in the effort.

Second, technology. It is a disgrace that our representatives don't have the simple capacity to communicate between agencies or back to Washington. The kind of communication that in my small law firm with 500 lawyers scattered around the world, we take for granted and the business organizations represented on our panel like Goldman Sachs and General Electric have taken for granted for years. The representatives we ask to serve there can't communicate by e-mail with the people that are serving back in Washington or with their colleagues across the street in the capital in which they serve, and this is not a technological problem.

The technology exists. We had consultants look at it. It is not even a budgetary problem because it would be remarkably cheap, and we suggest that the first step ought to be to provide that kind of common technology platform for unclassified communication which represents 80 or 90 percent of all communications in embassies and consulates around the world. You could do that this year at modest cost, and then you could initiate a study with all appropriate agencies participating about how to provide a common technology platform for more sensitive classified information. We estimate that that would take 2 years.

Third, human resources. The government is far behind the times of the best practices in the private sector and other governments and State governments in many respects on personnel practices, how you recruit, train, evaluate, promote the most talented young people in the service. This is something that shouldn't be controver-

sial. Undersecretary Cohen has begun some efforts in the State Department in this direction. We think that process ought to be accelerated, supported, and again will yield significant benefits and efficiency and effectiveness.

Finally, the buildings' management and construction process itself. We say in the report that constructing and managing buildings is not a core competence of the State Department. It seems like a simple statement. It has aroused enormous controversy, but our observation was that the State Department is quite good at many things, but designing, building, maintaining the 12,000 facilities under their jurisdiction around the world is not one of the things they are good at. It is now performed, as you know, in the FBO. We suggest that—and this is an area in which our country has the greatest expertise of any place in the world. Designing, constructing, maintaining physical facilities, there is an enormous wealth of experience and learning in this country. We need to put it to work for the nation's interest.

So we suggest then that Congress ought to take action to create a new entity, a government-chartered corporation. We call it the Overseas Facility Authority. It ought to have more flexible tools for financing. It ought to have the ability to create a lean and sophisticated staff in this area. It ought to be able to enter partnerships with private sector organizations to get the job done. It ought not replace the statutory responsibility for policy and priorities that now are vested in the combination of the Secretary of State, the President of the United States and this Congress. In other words, the decisions on where to build, the shape of the buildings, the priorities of activities there ought to remain as they are now with the Secretary of State and the Congress and the President, but the more mundane task of implementation, of designing, constructing and maintaining buildings ought to be vested in this government-chartered corporation. All the agencies who use the platform should be represented on it, and we think the benefits can be a faster pace of development and construction, better facilities, lower costs, a fairer way of allocating the costs among those who use it and a better staff to perform the function.

It is an idea that Ambassador Rohatyn and some of the business members of the panel, Steve Friedman, the former Chairman of Goldman Sachs, Jack Welch from GE, and Paul O'Neill from ALCOA took a special interest in. We would be happy to work with you and other Committees of the Congress on the details. We have urged the President to put his staff to work on the design of this legislation, and whether it comes from the White House or it comes from the Congress, I think it is an idea that we would like to see receive serious debate.

Those are the highlights of the report, and I look forward to responding to your questions.

Chairman GILMAN. Thank you, Mr. Kaden, for your extensive review, and we welcome your suggestions.

[The prepared statement of Mr. Kaden appears in the appendix.]

CHAIRMAN GILMAN. We will withhold questions until all of our panelists have an opportunity to be heard.

Before I turn to the next panelist, I would like to welcome Ambassador Peter Burleigh, our former Deputy U.S. Representative to

the U.N. I understand Ambassador Burleigh will be heading up the right sizing effort for the Secretary, and we look forward to working with Ambassador Burleigh on this effort as we realign our overseas resources. Welcome.

Now, we will turn to Dr. Lynn Davis, our expert on a number of areas, and former Assistant Secretary.

STATEMENT OF LYNN E. DAVIS, SENIOR FELLOW, RAND

Dr. DAVIS. Thank you, Mr. Chairman. It is a pleasure to be back and to appear before your Committee. I have been privileged since I left the Department of State to serve on the Accountability Review Board that investigated the tragic bombing in Tanzania and then on the Overseas Presence Advisory Panel, which was charged with looking at the character of our overseas presence, and at the same time ensuring that we provide security for those overseas personnel in the face of budgetary restraints and the new foreign policy priorities.

Let me begin, Mr. Chairman, by subscribing to the view of the Overseas Presence Advisory Panel: the dramatic changes in the world make our overseas presence in virtually every country more valuable than before. So I begin with that objective, and it is, as our chairman said, not one that we all came to immediately, but over the course of the work of this panel, I do believe strongly that we need to be overseas, but at the same time thousands of Americans representing our nation abroad still face an unacceptable level of risk from terrorist attacks and other threats.

So as part of the work of this Committee and the implementation of the recommendations of the Overseas Presence Advisory Panel, it is very important to keep in mind that we have to address those security risks by a number of different steps, and we have to ensure as we right size or find the right overseas presence that we keep security in mind in making those decisions, that security is an integral part of the process by which we make those decisions.

Mr. Chairman, you have heard from Admiral Crowe, who more eloquently than I, can describe the various steps and goals that were outlined by the Accountability Review Boards. I would like to just highlight a couple of those as we move forward in this next year.

The first is that we need to think about security in terms of a comprehensive strategy. No single one step will be enough. We must appreciate that no one is safe. Every single embassy and every American overseas is at risk, and we have to undertake a strategy that focuses everywhere, and no place is seen to be safe. We also have to understand that everyone must share responsibility for security, those of us here in Washington and those of us overseas. It is not that security is done by someone else, but everyone has to take seriously ensuring our security.

The Secretary of State must give her personal priority and attention to security. She needs to ensure that accountability and clear lines of responsibility are in place for assuring the security of Americans overseas. This was not the case at the time of the embassy bombings, and I would strongly urge the Secretary of State to implement the recommendation of the Overseas Presence Advisory Panel to designate the Deputy Secretary of State as the indi-

vidual responsible for carrying out her legislatively mandated responsibility to provide security for all American officials abroad. A single person needs to be designated and be accountable and responsible for the security of Americans overseas.

We have a number of near-term steps that need to be undertaken. Many are underway, and now they need to be sustained, and most important, though, Mr. Chairman, as you suggested in your opening remarks, is the need to ensure that there is the proper amount of funding to take care of and address the vulnerabilities of our embassies. It is expensive but it is not too much to ask for those who carry out our goals abroad.

You know the numbers. You will be getting the new budget. I have been disappointed quite frankly that the President has not done more to find the funds necessary, and I would encourage you all to give your continued attention as authorizers to this task and work closely with the appropriators to find these funds.

Fifteen years ago, Admiral Inman's advisory panel produced a comprehensive report on the issue of embassy security. The Accountability Review Boards were struck by how similar the lessons were for the East African bombings as those drawn by the Inman panel. What had happened was that the U.S. Government had failed over the years to take the steps necessary to sustain the priority and funding for security. Once the bombings were over, people forgot about the dangers, and the lesson we need to learn from the East African bombings is that we can't afford to lose focus and not give priority to security in the future.

In the words of the Chairman of the Accountability Review Boards, Admiral Crowe, we must face these facts and do more to provide security or we will continue to see our people killed, our embassies blown away and the reputation of the United States overseas eroded.

I thank you, Mr. Chairman, and I look forward to your questions.

Chairman GILMAN. Thank you, Dr. Davis.

[The prepared statement of Ms. Davis appears in the appendix.]

Chairman GILMAN. Ambassador Motley.

STATEMENT OF AMBASSADOR LANGHORNE A. MOTLEY, MEMBER, OVERSEAS ADVISORY PANEL

Ambassador MOTLEY. Thank you, Mr. Chairman. I thank you and the Ranking Member, and Lew certainly laid out very well what we were all about. It is a small part within a very large portfolio that you have, and I think that I will just tick off five things that this report is not about, which brings it back into the focus of which we have talked about.

This report is not about policy. It is about the climate in which you make policy work. That by itself makes it a dull subject because policy is a thing that everybody likes and spends the time on and that is where all the action is, and yet you can't get policy implemented if you haven't got the back room straight. So we are not about policy in that sense.

We are not just about the State Department either. We are about all the other agencies, some 30 or 40 that serve overseas, bring in their different cultures and how is it that they adapt their administrative procedures, and as Lew talked about, just simple things like

information technology. It is not just about money or more bodies. It is about how we train and equip the force that will implement the stuff.

It is not a critique of any one term or one Administration, and thus we have to keep making the case, because sensitivities are that if we say something, people take it as if it is in the present day. It is not that. I think those of us that have looked at it know that as we have looked at this, it is decades long of either neglect or lack of oversight, or whatever you want to call it, that has created this.

Finally, let me say to you that it was not prepared in a vacuum. This is not 25 people in a room gathered together since February through September hammering it out. We were fortunate to have enough backup with consultants. We reviewed 108 documents, earlier studies done by the State Department, done by outside groups, done by the GAO. We reviewed testimony and proposals in Congress. The reason we did that was we did not want to operate in a vacuum, and we reached out beyond that. Working overseas are multinational companies. DHL is in many more countries than the U.S. Government is. General Electric has seven times as many people overseas as the State Department does. How do they handle it, how do they handle their pay, how do they handle bringing them back in, how do they handle their security, how do they build buildings, how do they do things.

So we sought out some of the best practice of all of these and put them in a matrix form. The net result I think is, one, we didn't reinvent the wheel. There have been a lot of good ideas in there. We have incorporated them. We gave credit, Stimpson Report, CSIS. What we have tried to do here is put it all in one place, in just this area, non-policy, and hope to give it the push because our goal is not to be a study that is looked at by the next group that gets together in a few years to look at this aspect.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Ambassador Motley. We will now proceed to our questions. I note there are about 40-some recommendations in the report. Can you prioritize some of the, say, top 10 out of all of that?

Mr. KADEN. I think as I indicated in my preliminary statement, we would say there are a top four or five: right sizing, technology, the buildings and maintenance authority corporation that we suggest, the human resources and personnel practices improvements that we suggest, and the investment in security. Those are our top five.

Chairman GILMAN. I appreciate that. I understand that your panel worked with various government agencies in the White House on this report. Are the State Department and the White House following the time line for recommendations included in your report, and has someone been appointed to implement this at the State Department? are you working with someone at the White House?

Mr. KADEN. I think there have been a number of discussions, but the jury is still out on the implementation process, and I hope you, Mr. Chairman, and your colleagues follow up with the Administration. Within the State Department, there are a number of efforts

underway as I understand it, and Ambassador Burleigh's assignment to lead the right sizing effort is an important part of that. I think Undersecretary Cohen has also initiated a considerable amount of work on the personnel practice and human resource issues as well.

I think, with respect to the White House, we will have to see. I would hope that there will be some news from the White House about the designation of and implementation coordinator in some of these areas, and I hope that the budget, when it is submitted next week, will include some initial provisions toward implementing these recommendations. But I think those two are subjects that I would encourage you to follow up on with representatives of the Administration.

Chairman GILMAN. Did you ask the White House to appoint an implementer?

Mr. KADEN. We certainly have. We recommended it in the report, and I have followed that up with several conversations with senior staff in the White House.

Chairman GILMAN. Thank you.

Dr. Davis, in addition to this Commission, you also served on the Commission on National Security in the 21st Century. When that Commission issued the first of three reports in September 1999, former-Speaker Gingrich said the following: "I would emphasize that the way that this was drafted in the original legislation in which General Boyd and I had, and the President had jointly worked on was to allow us to look at all aspects of national power, and I would argue that means not only the Defense Department, but the State Department national security apparatus, the Treasury, et cetera." It seems Gingrich is suggesting that a serious look at revamping our national security apparatus will have to review all the departments and agencies that affect our ability to protect national power. Do you agree with that premise?

Dr. DAVIS. I can describe to you the charter that set up this Commission, and it is a three-phase study which began by looking at the world in the 21st century. The second phase, which is currently underway, is to describe a strategy to respond to the threats and opportunities of that world. The third phase is to look at the governmental structures and processes to carry out that strategy.

The national security strategy is broadly defined, and so the Commission is charged at least to look at the whole national security apparatus and to make recommendations by the end of this year.

Chairman GILMAN. How do the two commissions you have served on complement and inform each other?

Dr. DAVIS. The accountability review boards were set up to investigate the tragic bombings in East Africa. One of the recommendations of that board was to ask the Secretary of State to investigate the overseas presence, the size and the tasks of America's overseas presence in light of the security dangers and threats that now face us. Our Chairman's panel is a follow-on to that recommendation, that is, because security needs to be set in the broader context. It was precisely our hope that through such a panel, we could integrate thinking about security with why it is that we are overseas, our goals, and how it is that we can afford within the budget situa-

tion to have security, but also have as effective an overseas presence as we possibly could.

Chairman GILMAN. Should we focus just on the State Department or should we be looking to some of the other agencies such as Defense?

Ms. DAVIS. In terms of providing security for Americans overseas, this is a task that involves all Americans, official Americans, not the military because that is a separate set of tasks, but when we think about preserving security of Americans overseas, our embassies, these are all Americans. It is not just those that serve the State Department. One of the challenges of the Overseas Presence Advisory Panel was to put together a set of recommendations that would cut across the agencies and try to rationalize and make more effective the ways in which we go about sizing the American overseas presence across all the agencies and not just the State Department.

Chairman GILMAN. I am going to ask all the panelists, another member of the 21st Century Commission is our former Chairman, Lee Hamilton, and at a press conference he said we know that in Washington there are commissions and there are commissions. Some commissions file reports and they go up on a shelf and gather dust, nobody ever looks at them. Other commissions really do have an impact. What will your panel do to make certain it has an impact?

Mr. KADEN. Let me say from the outset—I think I speak for all the members of the panel—we were determined to do our best to make sure that this would not be a report on the shelf. We didn't want it to be a large book. It is a relatively short, accessible, readable report. But more important, we wanted both to prepare it and to promote it in close consultation with leaders in the Administration, the Congress and outside groups. So as you know, Mr. Chairman, in the course of our effort, I met repeatedly with you and Members of your Committee, with Members of the Appropriations Committee, with your colleagues on the Senate side.

We did the same thing throughout the Administration, not just in the State Department as Dr. Davis and your comment indicated. The State Department accounts for about a third of the personnel serving the United States interests overseas outside of command activities in the military. There are 30 other agencies involved in those activities. We worked closely with virtually every one of them, and we also consulted widely and talked extensively with leaders in the business community, the labor community, the nongovernmental organizations and environmental and other areas.

Now the question is whether all of those efforts toward making this a report that has some life to it will bear fruit, and I think that depends on the follow-through from the White House, the State Department, the rest of the Administration and, most particularly, the Congress. We have been encouraged so far by the reaction of you and your colleagues. As I say, I am eager to see both in the budget next week and in the comments from the White House about the follow-through from that direction, and I am encouraged with the early efforts in the State Department to tackle some of these problems, but it will require continuing partnership and continuing oversight on your part.

Chairman GILMAN. Thank you, Mr. Kaden. We hope that when the budget starts floating around these halls that you will let us know if you see some failure to implement some of your proposals. Ambassador Motley.

Mr. MOTLEY. Yes. Chairman Hamilton usually puts his finger right on it. This is just a report unless it gets legs, as they say in the trade, and I have to hand it to Lew Kaden who bent over backward all the way through this thing to go to every think tank that has an interest in this thing, and all of them, at one time or another, have done a report, and so you have to get over the parochial approach. I think as a result of that you will find that there is pretty much unanimity behind this report. It is coming from business. I think it will come from labor. It comes from the think tanks in this town.

Many of us put 9 months in this thing, and I am speaking for myself, I am not prepared to sit back and just say we did a report. I went to New York at Lew's instigation in the middle of that snowstorm and talked to 15 people that had nothing else to do that night, and so we are actually trying to get out and build the kind of consensus we know it takes in order to compete with all the other items that are on your agenda.

Chairman GILMAN. Dr. Davis, my time has run out so if you would be brief.

Dr. DAVIS. Just briefly to say, as part of the panel reports, you will see that we tried to give you rough estimates of the costs, that this was a report that tried to set itself in the realism of today's world of the budget realities, and so what we were trying to do is have some recommendations that would not only focus on the new world but be realistic as to what it is going to cost, and maybe that will help you all as you take the task forward of helping us implement the report.

Chairman GILMAN. Thank you. I want to thank our panelists for their response. Mr. Gejdenson.

Mr. GEJDENSON. As I read your efforts here, it is a pretty comprehensive work. I think there is only one place you missed, and maybe I can understand that since you are reporting to us today, but while you were very accurate, I think, in pointing out that this is not an attack on any one Administration, the one place where there has been a consistent failure to respond has been the Congress, and we have sometimes been in collusion with Administrations to inadequately fund these areas. But oftentimes the Congress has led the effort to underfund our needs overseas.

It seems to me that if you had a report like yours talking about the military, that we were sending people into battle without adequate security and preparation, it would have banner headlines, and Members of Congress would be running to the Floor to take action to defend themselves from the inaction that has occurred here for all too long, and I think that we have to take the same attitude about all people when we send them overseas, whether they are in the military or the State Department or DEA or CIA. We ought to give them the absolute best that is possible, or else we are not doing our job here. While I understand not wanting to point the finger, up at this panel today, while you are here, I think that an honest assessment of Congress' role would be a healthy ad-

dition to the debate. Again, I wouldn't suggest you do it today. We probably wouldn't like it.

Mr. MOTLEY. We thought it about it, and then it made us feel good and we rejected it.

Mr. GEJDENSON. The questions I have run to a couple of issues here. One is, we had this problem with the former head of the CIA, Mr. Deutch and the problem with Ben Ho Lee at Los Alamo, where essentially the problem is that both of these individuals got in trouble because they took information they had a right to have, but they had it on the wrong computer. My sense is that that is part of the panic in the State Department, that everybody is afraid, if you let them start using e-mail, it will be more than a nasty review of the boss's performance that will go out over the Internet. You think that is not a big challenge to make sure they can keep intelligence information, stuff that has some sensitivity, from being inadvertently sent out; and then, of course, the response. Members of Congress will come beat that person up, wanting them incarcerated. So the papers will demand more investigations. They are now asking George Tenet why he didn't do more about the former head of the CIA taking stuff home on the wrong computer.

Mr. KADEN. You see, Congressman, as the report indicates, there are different degrees of protection required for different kinds of communication, and obviously sensitive, classified information has to be subject to different procedures, but a great deal of the day-to-day business that goes on around the world among our representatives is not classified, doesn't need to be classified. It may be sensitive, it may be confidential in the same way other organizations have confidential material, but that communication can be adequately protected.

I think the real problem is cultural rather than confidentiality. As we all know from all the literature about the computer age, technology breaks down barriers. It breaks down hierarchies. It facilitates communication on a horizontal basis among people working together so that you would have a much more rapid sharing of information and consultation on issues across agency lines without always going through many levels of hierarchy, and it is the reluctance to open those doors that I think causes some agencies in the government to be wary about giving their people the communications technology links that they need to have to engage in their activities.

Mr. MOTLEY. I think what you have laid out is a continuing problem, and e-mail is just another pipe or avenue where this can happen. I mean it is the same as do you use the STU–3 phone which is classified, or do you use the other phone, when you write something out do you put confidential. I think we have to keep in mind about the continual training of classified material and how you do it. I think e-mail just presents another challenge.

Mr. GEJDENSON. Yes. Let me just ask one last question then. You create a new agency to deal with the structures, and I can understand that the State Department may not be the place to, worry about building buildings and security and all those other things. Why wouldn't we just use an existing government agency? I don't know, GSA, don't they usually build our buildings?

Mr. KADEN. They do domestically. Part of the driving force for this new entity that we propose is that we are attacking several different problems. Multiple agencies use these platforms. They say all the agencies that send personnel overseas, they are the tenants in effect. The logical thing is to have a fair allocation of the cost. So that, for example, when the FBI decides how many people it wants to send to Bangkok, it makes that decision reflecting the reality of how much it costs to get them an office space and housing and so forth. The current system doesn't do that and it makes for poor decisions.

But just as we want to charge them a fair share of the cost, they are asking for a proper degree of input into the planning process. So part of our motivation for this new agency was to have it governed by a structure, a board of directors in effect.

Mr. GEJDENSON. It is not just the efficiency of the operation. You want to get them a nice piece of change so they can operate more like the private sector in the sense of managing assets for a company with multiple divisions?

Mr. KADEN. Exactly, and then we want to charge them fairly for the facilities they use so that the costs are rationally allocated.

Mr. GEJDENSON. Did you take a look at the impact of bringing—it seems to me a lot of what happens in embassies could be handled at central locations with modern communication. Now, the disadvantage, of course, is if you bring it here, it may cost you more because you know it is more expensive to do a lot of stuff here, you may have some other advantages, but does it make sense to look at functions that are now handled out in the field and move them either here or maybe continentally, in each continent, or perhaps a central location so you have a better use of manpower?

Ambassador MOTLEY. I think you have hit the nail on the head, and there was an example that we went through in looking at this, centralization, regionalization, bring it back to the U.S., or put it somewhere else. Lew and I received a briefing on what they call Nairobi 2010, which was the new embassy that is going to be built, and it was done inside the State Department by some of the FBO types, and it was very well done. They had a campus-type approach. The classified stuff you could separate so you could have ingress and egress well done and the rest. We asked and they did centralization there for parts of Africa of the State functions, and this is a key aspect. We said what about the other agencies. They said we don't have a mechanism today to find out what AID or somebody else is doing, and so that is one of the reasons for having this.

Mr. GEJDENSON. I have used too much time. I apologize, I have to go off to another meeting. I will tell you, I just took 15 companies to India with me on a trade mission for 5 days or so on the ground, and you are right that this—in the process of these meetings, we were meeting with all the elected leaders of India, the Prime Minister, the Foreign Minister, the Defense Minister and others. Simultaneously, the foreign commercial service and other people at the embassy were working with our companies to have private sector meetings with matching companies. India is a pretty big country, but we really put a strain on the system I think in some ways by showing up there, and then of course the Secretary

of the Treasury was coming a week later. The Secretary of State may be going there. The President is going there in March. We had four Senators come through at the same time, and so it does put a tremendous strain on the resources, and it might help if we could get better management, I think, of the back office functions.

Now, the danger of course, is Congress will look to steal that money for something else rather than use it to create a better operating system, and I think you are going to have to go back and gently, because we are very sensitive up here unless we are attacking somebody else, prod us a little to do our job because all too often, when Presidents, Republican and Democrat alike, ask for security and other things, it is the Congress that ends up shortchanging them. Thank you.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Mr. Houghton.

Mr. HOUGHTON. Thank you, Mr. Chairman. This is a wonderful report. I think it is very helpful for us. It puts into sharp focus some of the things that we have got to be thinking about. Obviously, it is important to bring us along early, but it seems to me if you boil it all down, what you need us for is security money, and that is about $13 billion over 10 years. The rest is money I would imagine that could be handled within the State Department, particularly if other people than Felix are doing the types of things in their embassies they ought to be doing. This is a lot of management stuff. I mean, it is executive order, right sizing, enhancing, refocus the role of the Ambassador, human resources, consular service, perform administration, information. This is stuff that really should go on in the Department if the President and the Congress will respond to that in terms of the money.

Mr. KADEN. I agree with you, Congressman, that the resources for security upgrades are a critical part of it, and only the Congress can do that, but I think also the congressional oversight and interaction with the Administration is critical to these management improvements. I think unless there is really a sense of partnership, of working together, it won't happen, or it won't happen at the pace that it should. I think this is, in some sense, an unusual area in which you should cross party lines, and in both houses have a common interest in working with the Administration in getting the job done.

Mr. HOUGHTON. I agree with that. That is an ongoing process, and it gets a little difficult these days, particularly if you go home to town meetings such as we go home to and people don't think we ought to spend a dime overseas. That is wrong. We have got to change that. But those are should. But in terms of the critical thing, if you can look back on how Congress could be most helpful, it is really in the security money, isn't it?

Ambassador MOTLEY. I think it is important, but the security money actually came, and the Congress, too, came as a result of the first panel that Dr. Davis sat on, the Accountability Review Board. We don't shortchange security, but I can tell you that the biggest single shortcoming we found-and this is why I take a different view from your analysis-the single biggest shortcoming we found, in my view, was the absence of an interagency mechanism or structure in Washington to deal with the nonpolicy aspects, and

in that sense, it isn't enough to say, we will put it in the State budget or the rest of it. These other agencies, some 30 or 40, have a right to a seat at the table.

Mr. HOUGHTON. But that is an executive function.

Ambassador MOTLEY. Yes, it has changed mainly.

Mr. HOUGHTON. As a matter of fact, I don't think you want us to meddle in that area.

Ambassador MOTLEY. It may be too late. I think we have.

Mr. KADEN. I think there is a difference between meddling and doing it and using your oversight powers to hold their feet to the fire, make sure it is done.

Mr. HOUGHTON. I was just trying to get a priority here because we can get, in terms of reforms and all sorts of things which have to do within State Department, between agencies, the managerial aspects of this and the cost of them, but I was just trying to, in my own mind, figure out what is the quintessence of it.

Mr. KADEN. I think the structure for getting the security done and the building upgrades made is critical, too. If you just appropriate the funds, even the amounts that we or Admiral Crowe and Dr. Davis asked for, and leave the current mechanisms in place to do the job, you won't get the bang for the buck that you want. You won't get the efficiency in using those resources in terms of how long it takes and how much it costs to get the facility upgrades done. So we think the new mechanism—which should be quite familiar to people like yourselves with experience in New York. The notion of a specialized government-chartered corporation with flexible powers to do tasks like construction and maintenance and building management is one that is quite common in State and local governments around the country.

Mr. HOUGHTON. Thank you very much. Thank you, Mr. Chairman. Again, a great report.

Chairman GILMAN. Thank you, Mr. Houghton. Mr. Delahunt.

Mr. DELAHUNT. I want to agree with my friend from New York, Mr. Houghton. I think it is a very good, I think it is a solid report, and it raises the consciousness, if you will, of Members of Congress, but hopefully it will also have an impact beyond the Department of State and this institution in terms of the needs to update the infrastructure, because I think that is what you are saying, Ambassador. It is not about policy. It is really changing the infrastructure to meet the new role of American diplomacy. Is that a fair statement?

Ambassador MOTLEY. Yes, sir, and within infrastructure is not just buildings.

Mr. DELAHUNT. Sure, I understand that. Right, but the reality is, too, as Mr. Houghton indicated, it has a lot to do in terms of our role with funding of the security issues. I read recently—I come from Massachusetts, if you haven't picked up on the accent yet—in the Boston Globe, a story about our Ambassador to—because he is a Massachusetts native, Mr. Burns from Andover, Mass.-our Ambassador to Greece, and they were talking about the changing role of the Ambassador and about the evolving role of the American diplomat and within—for lack of a better term—the culture there seems to be great disagreement in terms of what that role is.

I think I noticed, it was Mr. Kaden's written testimony, which I concur with, I think our Ambassadors and our diplomatic missions ought to be about advocating for American commercial interests. We are in a new era. The economy is a global economy now, for good or for bad. I am not commenting on that, but I think that is part of the change that you are trying to adapt to.

But what concerns me, I guess, and I would be interested I think from you, Ambassador, more than the other panelists, is an observation about raising the profile and the need for the Ambassador to coordinate American policy in the host country, and when you hear the statistics—and I think it was Mr. Kaden who was saying in terms of American personnel, official personnel, a third is from the Department of State. There are some 30 agencies, and I get this uneasy feeling often that maybe the left hand doesn't know what the right hand is doing. Do you think there is a need to revisit, in terms of the role of the Ambassador, the necessity for a new infrastructure in clarifying and establishing some bright lines in terms of the Ambassador as the prominent, the coordinator or the voice for American policy in these other nations?

Ambassador MOTLEY. In some interagency-type mechanisms, the law is very clear and I wouldn't suggest that it change. Section 207 of the Department of State Act in 1980 clearly states that the Ambassador is responsible for the direction and coordination and supervision of all executive branch activities, their people and their activities. That is very strong bureaucratic language, and Ambassadors take that to heart, and many of them don't have a leadership management problem.

What we found was that a look of interagency coordination about how many people we send here and how many do there, that is what starts to create the problem. Embassies work very well. They are family, they live together and the rest of it, and they can absorb those different cultures in most cases. It is the support system back here. We went to look at embassies overseas and very quickly figured out that the problems really lay back here, a lot of it.

Mr. DELAHUNT. But wouldn't the Ambassador, make recommendations in terms of—I think the term is in right sizing, right matching? Isn't the Ambassador the key to achieving what you are saying?

Mr. KADEN. We have suggested that the initiative should come from the Ambassador, but you need this interagency committee back here because that is where the power to make decisions lies, and if the process works if the process that Ambassador Burleigh is now helping to set up works you will have Ambassadors coming forward with sound plans and then an interagency process in Washington to react to those plans, to refine them and to put them into effect.

Ambassador MOTLEY. If there is one shortcoming in Ambassador authority and practice, it lies precisely in the area that you have pointed out. There is an animal called NSDD 38, National Security Division Document 38, that was written more than a decade ago which in essence is the process in which an Ambassador or an agency can figure out how to put a person or to remove a person from post, a position, not a person. That is a fine-tuning aspect that unfortunately does not work very well. What is needed, I

think, is this overall, to set the general pattern, where should we be, with how many and what composition, and then you do the fine-tuning one on one. All we have now is NSDD 38. It requires that the Ambassador be backed by the Secretary of State because it is a one-on-one drill. It is the Secretary of Justice or Treasury or something of that nature wanting, and the Secretary of State is not going to argue that a famous case of an assistant Naval attache in Stockholm because you are not going to sit down and spend a lot of time on it, understandable.

Mr. DELAHUNT. You are right. I am not suggesting legislation is needed, but somehow empowering the Ambassador and conferring upon that Ambassador management prerogatives, to put his or her own team together within that country, despite the agency.

Dr. Davis.

Dr. DAVIS. To follow on from that, the Ambassador doesn't always have the influence to make those decisions. That is a fact.

Second, an agency sends their people overseas essentially as a free good. So they don't have any incentive not to do it if someone says I think we should go. So you end up with an embassy with a variety of different people, with various different tasks, and the Ambassador does the best he or she can, but there is no overall rationale for it.

Mr. DELAHUNT. Right, but I think that is really one of the concerns that I have, and I think is very fundamental to the management system changes that you are focused on here in the report.

Mr. KADEN. One of our suggestions, which I think goes directly to the concern you expressed, is that the Ambassador's management prerogatives be clearly spelled out in a Presidential Executive Order, so it was transparent, so everybody knew what the scope of authority was. That is done to some extent now in something called the Presidential Letter that each Ambassador receives, but we thought it would work more effectively if it were clarified, strengthened and made transparent.

Mr. DELAHUNT. As Ambassador Motley points out, for the Ambassador to come back and have a lengthy discussion with the Secretary of State or some Undersecretary of State about some attache, in the real world that just isn't going to happen and somehow——

Ambassador MOTLEY. It did happen.

Mr. DELAHUNT. I imagine it has on occasion, but again, so much depends upon who that particular Ambassador is.

Mr. KADEN. That is why we thought that if you had this permanent interagency committee, if it was established by the President so it had the force of the White House behind it, you would have a mechanism for dealing with the staff.

Mr. DELAHUNT. I think the report is well done, and I do think and I would hope that we could work bipartisan to implement it, in a bipartisan way, to implement it and provide the necessary oversight to see that it moves forward. Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Delahunt.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. A lot of the discussion has been about embassy security, and I think that has been covered reasonably well. I think we all appreciate the hardships and

dangers that those who serve our Nation overseas endure. I want to echo Bill's comments about the importance of providing staff to deal with the commercial interests of the United States.

Most of what the State Department does is almost impossible to judge according to standards; that is to say, if we don't get a peace treaty in the Middle East this year, I can't say that is the State Department's fault. If we have a trade deficit, it isn't because our commercial attaches have flunked some time and efficiency standard. But there is one area where you can actually measure the efficiency of what State does, and that is in the issuance of visas, and here we have a situation where State has done everything possible to avoid measuring its success or, should I say, terrible failure and where every interaction I have had with them has given me another indication that they are doing a terrible job, and it is a job that can be measured. I mean, I can't say that if we don't have a treaty on this or that that someone has done a terrible job.

But this first came to my attention when an American citizen was put in touch with me who had to live in the United States 2 years without his wife because it was standard operating procedure in the Philippines that, we would wait 2 years before we got around to letting the wife of an American citizen get a visa to come to the United States. So I want to thank the Chairman and this Committee for prodding and including one of my amendments that ultimately was grafted on to the appropriations bill to get a study of how long this visa process takes.

Now, it doesn't take 2 years in Britain or France because the political powers in this country wouldn't tolerate that, but in Santo Domingo or Manila it does, and I would hope that we would go further in measuring the success of our visa operations, looking at every visa granting officer and every post and the State Department in total and say what percentage of the visa requests are rejected, what percentage of those that are granted involve overstays, what percentage of those that involve overstays are long-term overstays, how many of those overstays have been convicted of crimes in the United States, and we should recognize that when you deny a visa and you deny a chance to visit a family member or you deny a chance to come to Disneyland and spend money in my area, that that is a mistake just as it is an even greater mistake to issue a visa to somebody who overstays.

So we can look at the success of avoiding granting visas where people overstay. We can also look at the rejection rates to see if those are too high. We can also look at the speed, and as I commented, 2 years of enforced separation of a husband and wife, if any other country did it, this Congress would demand that our Ambassador to the United Nations seek a resolution of the U.N. condemning that country for its violation of human rights, and I don't know whether your report deals at all with the allocation of visa officers, but it is not like this is unintentional.

I am not saying it is purposeful. It is just if year after year you have a 2-year backlog in Manila and a 2-week backlog in London, and you don't round up five visa officers from London and transfer them to Manila in a couple of weeks, and you let that go on year after year after year, then you have decided that if an American marries a Filipino, they are going to be separated for 2 years, and

that is just the penalty for marrying a Filipino or marrying someone from the Dominican Republic.

So I would like to know if your study reviewed the efficiency in denying visas to people who overstay, in granting visas to people who come here, and the speed with which visas are issued, especially when you are reuniting a nuclear family of minor children and of husband and wife where either the husband or the wife is a U.S. citizen.

Mr. KADEN. I am glad you raised that issue, because it is one we looked at very closely, and I didn't include it in my initial summary. I must say this is an area that I had never given a moment's thought to until I took on this task, but one of the first visits I made with members of the panel was to Beijing, and spent a couple of hours watching the processing on the visa line, these thousands of people standing in line, having paid a sizable fee for the privilege, being reviewed in a matter of 20 or 30 seconds; and then in talking to consular officers and leaders in the consular service and meeting with Ambassador Peterson, I think, who was one of your colleagues before he became Ambassador to Vietnam, talked about the enormous management task that lay ahead of them when they opened the consulate in Ho Chi Minh City, where they anticipated 1,000 to 1,500 applicants a day.

Our report concludes that this is a tremendous management assignment. How you train consular officers, what kind of staff you use, as you say, how you allocate them around the world in the areas of greatest need, how you measure the performance of those functions, how you organize those and deploy those resources is a management task of tremendous importance and complexity, and one in need of significant improvement. We make some suggestions about how to use technology better, how to do advance appointments, how to use family staff members. You probably don't need full-time career foreign service officials. What you do need is people with the right language skills and the right interest in being involved in what amounts to a form of customer service, form of consumer service.

So this is a very important area in which some reforms have been implemented and progress made in the last few years, but a great deal more room for improvement was identified.

Ambassador MOTLEY. If I could comment.

Mr. SHERMAN. With the Chairman's indulgence, I would just like to add one thing here, and that is I had suggested to the State Department——

Chairman GILMAN. Without objection.

Mr. SHERMAN. Thank you.

I had suggested to the State Department that they use private bonds as a second way to validate that someone will return. This is a privatization of the decision, just as we demand bonds in the construction field, where a government agency says we are not going to hire capricious bureaucrats to decide whether you can complete the building, we will make you post a bond. There was what appeared to be such tremendous resistance by those in the field to get to exercise capricious power by applying vague standards. I have been called at 3 in the morning—they knew it was not an urgent matter, but they wanted to call me at home at 3 in the

morning—they thought I was in Washington, so they thought it was 6 in the morning—that any congressional involvement in any of these cases was an additional reason for staff to exclude somebody. So the desire to avoid privatization of the decision or any congressional input seems very strong.

Congress is at fault to some extent here in underfunding this, but the Administration is at fault for not requesting a lot more funds.

Mr. KADEN. I think there is a lot of room for improvement. The idea of private bonds or private sponsorship, in other words, an affirmation if someone has an employer who is a familiar institution, that employer can either bond or guarantee the likelihood of return.

Mr. SHERMAN. And with a dollar amount that the Federal Government will get if the person overstays.

I might add, Mr. Kaden, if your small law firm with 500 lawyers didn't know down to the tenth of an hour how many hours each of your associates billed, you wouldn't have 500 lawyers. Yet no one can tell me whether Ms. X or Mr. Y—whether 90 percent of the visas that they issue overstay or 1 percent overstay. No one can tell me whether they were just rejecting everybody, because we have no statistics as to how effective—and if somebody were to just make capricious decisions that turned out to be very erroneous, either keeping people out or letting nobody in, we would have no idea.

Ambassador MOTLEY. You are correct in no statistics on overstay because we are one of the few countries in the world that has no exit governmental authorities. Everywhere else you go, when you go through, you go through some kind of immigration that restamps it on the way out. We don't do that.

Mr. SHERMAN. Why don't we do that?

Ambassador MOTLEY. America has never done that.

Mr. SHERMAN. I would hope that those of you writing a study like this would suggest it, because if we don't have statistics as to who is overstaying, then we can't possibly appraise the effectiveness of our visa-granting officers.

Ambassador MOTLEY. I would agree with you. You have talked about visas. There are some 8 million visa applications each year, that we know. The vast majority fall into—the overwhelming majority in the category that visit Disney World. The very small percentage are those that are called—the big ones are called NIV, nonimmigration visas. The small portion are the case to which you talked about, but they are an INS—the INS has a huge say in this because the consular officers overseas are enforcing U.S. laws that are under the INS.

I am excusing the delays of the rest of it, but I might point out to you that we did cover some of the things. Our recommendation 6.1 in the report was one that we debated a lot in the fact that what we wanted to do was give the head of consular affairs and the Assistant Secretary the authority and power to move people exactly like you said, out of London into Manila and the rest of it.

Now, there is internal, I will tell you, turf battle within the Department of State in which the regional Assistant Secretaries, of which I was one at one time, don't like this idea because if they want to do it, then security wants to do it, the whole argument.

But we see the wisdom of what you have talked about, and we have come forward with that recommendation.

Mr. SHERMAN. Whoever opposes transferring from London to Manila should stay separate from their spouse for 2 years or until such time as you know—the level of human loss here can be imagined only if you picture it happening to yourself. Mr. Chairman, thank you very much.

Chairman GILMAN. The gentleman's time has expired. Thank you.

Dr. Cooksey.

Dr. COOKSEY. Thank you, Mr. Chairman. I must say that my experience with embassies abroad has been very positive and very favorable, and there are some real professionals there that I think are doing a good job, and we need to support them. I have been in some embassies where they are aware of their vulnerability from a terrorism standpoint, from a just standpoint of having some more bombings. I used to spend a lot of time in East Africa and particularly Nairobi, and those issues need to be addressed.

This report recommends the use of some regional support centers, and currently there are some regional support centers, maybe even in Nairobi or Kenya. What else do you have in mind for these centers? Do you think it is possible that some of the work that is being done in these regional centers could, in fact, get some of the initial information, say, in Nairobi, and have someone back here in the States really do the detail work? Because it seems that some of these embassy staffs are overworked and understaffed, and yet here, I don't know that they are over staffed, but there are more people, there are more human resources to carry out these functions. Has that been considered, or is it possible?

Mr. KADEN. That is directly part of the right sizing process. We did think that many of the overhead functions, payroll processing, vouchers, travel services, financial services and the like, could be moved into regional centers, in some cases back to the United States, and we did a survey of other organizations, both other governments and private sector organizations, and discovered that many of them were further ahead than our government in centralizing paper processing services, doing them more efficiently, and so we did recommend that that effort be pursued. It should logically come through the right sizing process.

For example, in Paris, to keep picking on the French example, there are 170 back office support personnel in Paris doing these kinds of functions, paper processing and financial services. In Ambassador Rohatyn's view and in ours, those functions could be performed, in many cases, back in the U.S. in service centers at lower cost and more efficiently. Then in other parts of the world, it may be that you want to move some of these functions into regional centers. You don't have to reproduce them in each post.

Now, a more difficult question, but one that we thought should be studied, is even when you get into the program and policy areas, are there functions where you could imagine an officer covering more than one country, being located in a regional center and having more territory to cover? There are pros and cons about that, but again, it is something we thought should be studied and evaluated as part of the right sizing process.

Ambassador MOTLEY. I think it is fair to state that the Department of State has tried, and what we are saying is you have got to do more of that. There is a huge passport center in the Northeast that does all of our passports, even the ones that are issued overseas.

Dr. COOKSEY. Where is it?

Ambassador MOTLEY. The issuing of passports, servicing Americans overseas, at 3.1 million Americans.

Dr. COOKSEY. You say there is one in the Middle East?

Ambassador MOTLEY. No. There is one in the Northeast United States. I can't remember the location. There is another central location for Latin America in Miami that covers a lot of all of the financial and the rest of it, and so what we are saying to them is you have got to do more of this kind of stuff. Lew's absolutely correct, when you get into the program and the policy issues, it becomes very difficult.

I visited a post, a small post, Chisinau in Moldova, where there is one political economic officer, and so a regional environmental officer parachutes in. In this case it is he has to go to the airport to meet them, they don't speak the language. So he has to go on all of these meetings with him, translating and the rest of it, and he is not getting his work done in a sense. So just by itself this kind of regionalism doesn't cover all things.

Dr. COOKSEY. Yes, Dr. Davis.

Dr. DAVIS. The thing that you always have to keep in mind is that as you think of consolidating functions in a particular place, as you bring more people to that place, that the security of that place is an important factor in those decisions. You are correct to say that Nairobi had become a regional center for a certain number of administrative and other kinds of activities, and there they were in an embassy building that was so vulnerable. It was vulnerable to crime, as the Ambassador described. She didn't expect it to be as vulnerable to a terrorist attack. But nevertheless, as you factor in your decision about where to place these people, you have to also factor in the security of that place, and the concept of a regional support center is a good one as long as it is a place that those Americans you put there are safe and not more vulnerable by being there.

Dr. COOKSEY. Basically you are saying you don't want to create a bigger target for the terrorists.

Dr. DAVIS. Exactly.

Dr. COOKSEY. I understand that, and that is a valid concern. In this information age that we are going into so quickly, it does seem that we could do a lot of these functions back here.

Has any consideration been given to putting—let me just give you an example. Let us say in Rome and Geneva, I understand we have two different mission buildings in both of those cities. Has any consideration been given to putting these two missions into one building, or is it necessary to separate some of these functions? Like in Rome, I think you have an agriculture——

Mr. KADEN. I think it is fair to say that there may have been different views among different individuals on the panel, but I would think that the dominant view, or the closest thing to a consensus on the location issue was that there are advantages to col-

location. People work together across agency lines, and they are for the most part—if one were thinking about an ideal physical setting, it would be something like a campus setting in which certain activities required a greater degree of security and dealt with classified information, as well as physical security needs. Others needed to be more accessible to the community in which they serve, but the need to work together argues for them being essentially in the same location.

So that I think while there are some agencies that have a different view, our panel was more sympathetic to putting people in close proximity to each other and less to having one agency 20 miles away from the center of representation.

Dr. COOKSEY. Yes.

Dr. DAVIS. The same argument leads you—the security issues lead you to the same conclusion, and that was the recommendation of the Accountability Review Boards that to the extent possible, that you would try to put Americans in a single place in order to provide a better level of security.

Mr. KADEN. At the same time I think we were quite enthusiastic about this concept of small-presence posts that Ambassador Rohatyn has initiated in France, because in many countries there are centers of commercial activity or centers of political interest or other issues. They don't require full-blown consulates with all the trappings and support staff, but they are places where the U.S. interests would be well served by having a couple of people with the right equipment and the right skills.

That is particularly true in commercial advocacy where in many countries centers of commercial activity, centers of technology development are different than the national political capital.

Dr. COOKSEY. In closing, I would hope that everyone recognizes, certainly people from the State Department and the Congress in its oversight responsibility capacity, that as we move further into globalization, there are going to be more and more Americans overseas making demands on these embassies, and there are going to be more foreign nationals over there trying to get in here that will be making these same demands. So it is an awesome responsibility and no way to predict the future demands, and they will be greater I feel, but hopefully with information technology we can absorb that without adding too many personnel.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Dr. Cooksey.

Mr. Delahunt.

Mr. DELAHUNT. I just have one question, and I don't know, maybe this never came within the purview of your mandate, but as the concept has changed and evolved, and as—I think it is your term, Mr. Kaden—matching these new skills with the new demands, have any of you any observations about whether our academic institutions, whether it is Georgetown or the Fletcher School, are they evolving in terms of their curricula to provide the kind of training that is necessary in this new era of diplomacy?

Mr. KADEN. I think Ambassador Motley would have views on that—in terms of foreign policy and foreign affairs training generally, but I would just make this comment. I think one of the phenomena we are observing is that the new skills required are often

in areas of special expertise that we didn't need from our diplomats years ago.

To just give you one example, one of the themes that we had common views throughout all the agencies we consulted with in the economic arena was that, to some extent, as a Nation we missed a bet in not paying more attention to the development of institutions for capital market activities as countries in Asia entered open markets. So attention to issues like securities regulation, accounting standards, banking oversight, where we have a great deal of experience and sophistication, we didn't put people on the ground with the ability to work with those countries as they were developing new activities in those markets, and to some extent, we paid a price in the Asian financial crisis for that.

So those are skills. You don't need hundreds of people, but you need people with very specialized backgrounds, and they can come from any different agency. They might come from Treasury or Justice or State or other places, but they are going to have to have the required accounting and economics and legal training.

Ambassador MOTLEY. You have raised a very good point. You would think it would be logical that if you have a need, you would go to the academic institutions and say, we need more environmental officers, or something. I don't know that that goes on. I don't know that it doesn't go on, but I think essential to that is you have got to know what you need, and 4.1 recommendation of ours—and I hope Ambassador Burleigh will take it to heart—is the Secretary of State needs to direct that there be a bottom up review of what is it that the State Department wants; what does it want in political terms, economic terms, also economic, environmental; are you going to have cross-training; how are you going to do this. If you don't have that, then there isn't anything to go over and tell Georgetown what they ought to be training people for.

Chairman GILMAN. Thank you, Mr. Delahunt. I just have a few questions, and then we can wind up.

Mr. Kaden, we noted a theme that the State Department needs to professionalize many of its support functions to include personnel management. Should we follow the earlier recommendation made in the 1989 Thomas Commission Report on Personnel to drop the Director General and replace it with a statutory Assistant Secretary of Human Resources? What are your thoughts about that?

Mr. KADEN. It is not a question that our panel specifically addressed, and I don't have a view on whether it should be the Director General or an Assistant Secretary, but I think the broader point is well taken, that human resources has become a complex, professional activity. That is true in organizations, public and private, around the country. There has been a great deal of change in strategic human resource management, and the State Department ought to catch up with that trend.

Part of the broader point, too, which I am sure, Mr. Chairman, you are well aware of, is that we didn't look particularly at the structure of the State Department itself, but I think many of our panel members, including myself, had the observation that it is important for the Department leadership to pay attention to management in the broadest sense. There is inevitably a tendency both in the selection of top leaders and in their daily activities to get in-

volved in the strategic and political crises of the moment, and that is obviously always going to be important, but this is a complex operation, thousands of people engaged in important functions, and somewhere near the top of the Department there has to be enough attention to operations and in the broadest management sense. I don't mean just financial management in the responsibility of the Under Secretary, but the Department, I think, needs a chief operating officer, and whether that is the Deputy Secretary, as someone has proposed, or someone else, it is an important part of the proper exercise of foreign affairs responsibility.

Ambassador MOTLEY. Mr. Chairman, the Director General is dual-hatted both in function and in title as the Assistant Secretary of State for the Bureau of Personnel currently. So they do. The Director General is an old phrase that came from when it was just kind of like foreign service, Director of the Foreign Service, but they are one and the same people now.

Chairman GILMAN. Dr. Davis.

Ds. DAVIS. I can only urge the Committee to look at this issue of whether there should be a single person responsible for security in the Department. In my opening remarks, I recommend to you the recommendation of this panel, that the Deputy Secretary be given the responsibility to carry out for the Secretary her legislatively mandated responsibility to protect American officials overseas. We didn't have a single person with that responsibility and accountability at the time of the bombings in East Africa, and I would urge this Committee to support that recommendation and urge the Secretary to make that particular appointment as soon as possible.

Then the broader point, which is all of these management tasks need to be thought about by somebody at that level and integrating all the pieces into a single overall strategy.

Chairman GILMAN. I would assume that person should have some security professionalism.

Ds. DAVIS. I think that person needs to have the support of the Secretary and the advice of the professionals, but not necessarily himself or herself to be a professional security officer. What you are looking for is that all the complex issues that go into an overall security strategy are brought together in one place and not dispersed throughout the Department as it currently is today.

Chairman GILMAN. Now, isn't there an Assistant Secretary for Diplomatic Security in charge of security at the present time?

Mr. KADEN. Yes, there is.

Dr. DAVIS. There is, but that responsibility does not cover some additional functions that are associated with security, including resources for the broader sets of people who were involved in security. That person doesn't have the single responsibility to take decisions or even make recommendations on the closings of embassies when there are security threats. It is just a multiple set of people within the Department that have responsibility.

I wouldn't change that, but then now I would put over them a single person that the Secretary can turn to, to make sure that all of those activities are properly coordinated.

Chairman GILMAN. Do we really need another person doing this, or can we just enlarge his responsibilities, this Assistant Secretary?

Dr. DAVIS. I think it needs to be someone more senior than Assistant Secretary to carry out the charge and the set of responsibilities that come together to make sure that the security of Americans overseas is carried forward.

Chairman GILMAN. Mr. Kaden, the State Department several years ago created the overseas staffing model to use as a modeling system to achieve the right sizing. From our perspective this hasn't met the goal that it was supposed to achieve. It seems that this becomes a bureau struggle as the pressure is on, for example, the European bureau to down size, while Asia, Africa and other Latin American embassies increase. What can we do to overcome that turf battle?

Mr. KADEN. Our conclusion when we looked at that particular exercise in the staffing models was exactly the same as yours. It had not worked. It did not seem to be a model of how to attack this problem, and we thought a far better way to deal with it was the interagency process, with leadership from the White House and direction from the State Department, was a much better approach. If that interagency Committee is set up as we hope it will be and functions well and demonstrates in the short term that it can make some effective decisions on right sizing and staffing patterns, enlist the cooperative effort of the different agencies, if Ambassador Burleigh and his staff are able to do that for Secretary Albright in this year, I think it will create a pattern that the next Administration will have to build on.

Chairman GILMAN. Have you discussed with OMB their opposition to the use of lease-purchase as a means of funding facilities overseas?

Mr. KADEN. I have at great length, and I am not sure I can report a complete change of view, but I think in the consideration of this new vehicle, the overseas facilities authority, for more efficient construction and maintenance of buildings, the issue of the range of financing tools has to be reviewed by Congress. There are different points of view, I know, among your colleagues about lease-purchase financing, but under proper controls, and subject to all the usual power of Congress over appropriations and priority setting, I think it is part of the tool box. It ought to be part of the tool box.

Chairman GILMAN. Dr. Davis, a panel study identifies the need to change the culture in the Department of State to incorporate security as a fundamental element of overseas presence. Since you are both on the Accountability Review Board and now on this panel, do you detect any change in attitude toward the issue of security among foreign service personnel?

Dr. DAVIS. I know that the bombings in East Africa were a wake-up call for most of our embassies and also the Department, and they have taken a number of steps, the near-term steps that I described in my testimony. The task now is for every person at home and overseas to understand that security is something they have to worry about and take steps to try to improve. It is not something that someone else does for you. It is not the regional security officer's task. It is not the Assistant Secretary's task for security. It is every person in the Department, it is every person overseas tasked to think about and prepare and try to be as safe as possible.

We can't reduce all the risks, but we can just make it a part of the way we live and we act, and I think the bombings, the only thing that one can say that might be good coming out of those tragic bombings is now that people are taking it more seriously, and everyone knows that they have to take it more seriously.

Chairman GILMAN. As we try to treat all the posts worldwide with the need to address terrorist threats, is it realistic to provide the same level of security in a place like Dublin or Sydney as we would do for Pakistan, for example?

Dr. DAVIS. We still have to consider the character of the potential threat, and some places will be more likely targets, but the one lesson we learned from the East Africa bombings is that terrorists are smart, too, and for those places where we thought there were no real threats, or there was a low level of threat, and we were doing all that we possibly could, they found our vulnerabilities, and they found ways to kill Americans. While clearly some areas of the world are more dangerous than others, and we still have to think about those threats in those terms, we can't assume that any place is free from those risks, and we have to be vigilant, and there are things we can do everywhere to improve the security of Americans.

Chairman GILMAN. When we talk about everywhere, is there a risk that because of the magnitude of the job of providing maximum physical security to all posts, that those projects just won't be completed in a timely manner?

Dr. DAVIS. We will have to do it as quickly as we can. We can't do everything right away. It is a formidable task, a billion dollars a year, to try to do what it is we think will be needed. In the interim, though, there are a number of things that we can do to improve the security of buildings, and we will give priority to those that are most vulnerable, both in terms of their structure and where they are located. The real difficulty, it seems to me, is that a year or two ago will go by, and we will forget.

Chairman GILMAN. We have done that already when we had the Inman report.

Dr. DAVIS. Our plea to you is that we can't let that happen again.

Chairman GILMAN. We welcome your reminding us in the event that happens.

What about the focus on physical security, does that impede the attention of other kinds of security threats leveled against our posts, or are we taking our eyes off the other threats that could impede security?

Dr. DAVIS. I think the task of security today is a broad range of tasks. It is certainly the car bombs. Those are the immediate kinds of threats that we saw, but now we see a world in which terrorists will have easier access to chemical and biological weapons, even nuclear weapons. They will be able to put at risk some of our own information structures so that the character of the threats that we have to think about when we think about preserving security is much broader than in the past.

That doesn't mean, though, that we can't do some specific things to prevent car bombs, those the Department has begun to undertake and have a real urgency as well.

Chairman GILMAN. Does our foreign service accept and understand the importance of embassy security? Do they truly through-

out the service recognize the need for grasping the importance, whether it be personal security, protection of classified information, whatever the nature of the security be?

Dr. DAVIS. All I can say is I certainly hope so. I think that our reports and what has happened has led the most senior people in the Department, all of our Ambassadors, to see the importance not only of thinking about security, but preparing and training. A whole series of steps have been undertaken.

I can't speak for the foreign service, but I can certainly assure you that all those I was most fortunate to meet during my service in the Department are the kinds of people that I am sure are smart enough to know this is something they need to do, and I suspect they are doing what they can.

Chairman GILMAN. We expect to follow up with additional hearings to include Administration witnesses and businesses and organizational experts in the coming few months so we can support the work you have done. As we follow up on these issues, we will also draw upon the recent studies in the foreign affairs structure.

Again, I want to thank our panelists for being here today. I want to thank Ambassador Peter Burleigh for sitting in, and we wish you well in your new work. So again, our thanks to the entire panel for the work you have done in preparing this excellent report.

The Committee stands adjourned.

[Whereupon, at 12 noon, the Committee was adjourned.]

A P P E N D I X

FEBRUARY 2, 2000

Opening Statement of Benjamin A. Gilman, Chairman
International Relations Committee
Wednesday, February 2, 2000

Changing American Diplomacy for the New Century

I want to welcome all of you here today as we initiate our Calendar Year 2000 oversight hearings.

Today's hearing, "Changing American Diplomacy for the New Century", provides the opportunity for the Committee to review and discuss the findings and recommendations of the November 1999 Report by the Overseas Presence Advisory Panel on "America's Overseas Presence in the 21st Century."

We decided to start the year with this hearing to emphasize the importance of the issues tackled in this report, and to announce our support for implementing many of the recommendations. The care of a great institution requires us to be responsible not only for the day to day management but also to look forward to the future to be sure the institution thrives. I have received many advisory reports in my time, and want to compliment the Panel for clearly laying out the issues that must be addressed to modernize our foreign policy structure.

I wholeheartedly agree with the Panel on the point that the key to success is setting up an interagency system to coordinate activities between the various branches of government and agencies involved in foreign affairs. The President and the White House must provide the leadership and direction to pull together a comprehensive approach to supporting our diplomatic presence.

I support our overseas presence for all of the reasons stated by the Panel; but as the report points out, its *how* that presence is designed and whether the mission and goals are results-oriented that will determine a modern State Department operation. The "Results Act" sets up the means to link goals and results to resources. That must continue to be part of the mission planning process, as well as Washington's allocation of resources.

Let me note that it is regrettable that the Administration chose, at the time of its release of the Panels' Report in November, to bash the Congress over the non-issue of "cuts" in State Department funding.

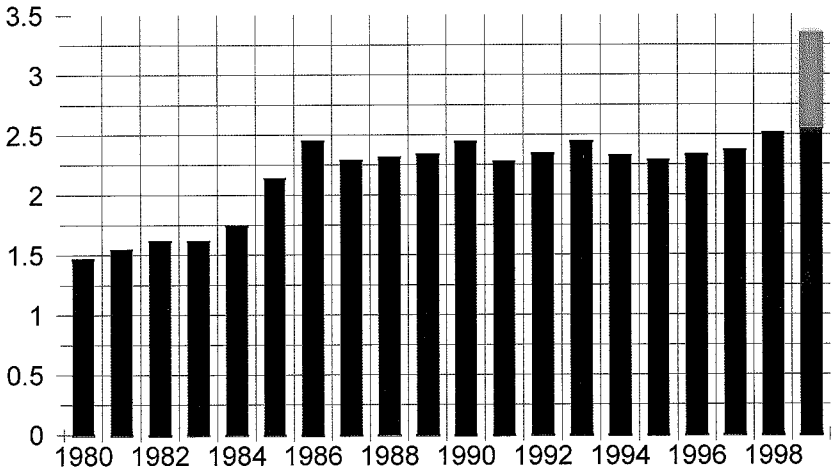
As the chart I have distributed to the Members makes clear, State Department funding has been increased, not decreased, over the years. In fact, the monies available to the Department set records, in real, inflation-adjusted figures, last year. The Department needs to spend its money more effectively, and we will certainly want to make some changes to increase some of that flexibility, along the lines indicated by the Overseas Presence Advisory Panel's report.

I have a long-standing respect for the generalists in the foreign service, who undertake the challenges of living abroad. Over the years, I have become a believer that certain jobs should be confined to professionals in the field. That includes security, personnel, information management, and facility and construction management. In some instances this has occurred, and that is to the benefit of the Department.

In addition, if the State Department has staffing gaps in any particular area, they might well be addressed by lateral recruitment – a practice undertaken by organizations thought of as traditionalists, such as the British Foreign Service.

Over the past few years, senior leaders at the Department have been more preoccupied with responding to day to day crises, and they have neglected the changing needs of the institution. I hope that the Panel's recommendations will be acted on in 2000, and that the report will provide an agenda for the incoming Administration.

Having visited many posts, I know we have talented people who can adapt and probably would welcome a new approach to diplomacy and serving American interests.



Funding for the Department of State in billions of FY99 dolllars.
FY 99 figure (blue) includes a security supplemental of .786 billion.

Source: CRS

Billions of FY 99 $s
State Department appropriations and fees
(State D&C, S&E, CIF, Border Security/MRV Fees, IRM/Passport Fees)
(FY99 excludes security supplemental)

Year	State Dept Funding
1980	1.469
1981	1.547
1982	1.620
1983	1.620
1984	1.745
1985	2.140
1986	2.453
1987	2.290
1988	2.317
1989	2.340
1990	2.445
1991	2.279
1992	2.346
1993	2.445
1994	2.329
1995	2.288
1996	2.335
1997	2.373
1998	2.517
1999	2.557

Statement of Admiral William J. Crowe, Jr., U.S. Navy (Ret)

To the Committee on International Relations

U.S. House of Representatives

February 2, 2000

I regret that I am unable to personally appear before the Committee to discuss my membership on and the Report of the Overseas Presence Advisory Panel. Under the leadership of Lewis Kaden and the executive directorship of Ambassador Will Itoh, the OPAP did an outstanding job of identifying key areas of America's diplomatic presence abroad that require attention and reform. I was particularly pleased that the OPAP Report recognized the important of embassy security issues, which had been the focus of the two Accountability Review Boards which I had chaired in 1998-1999.

Throughout the proceedings of the Accountability Review Boards, which focused on the embassy bombings in August, 1998, in Dar es Salaam and Nairobi, we were most disturbed regarding two interconnected issues. The first of these was the inadequacy of the resources to provide security against terrorist attacks, and the second was the relatively low priority accorded

security concerns throughout the U.S. Government by the Department of State, other agencies in general, and on the part of many employees, both in Washington and in the field.

Saving lives and adequately addressing our security vulnerabilities on a sustained basis must be given a higher priority by all those involved. In the Navy we would say security is an all hands proposition; otherwise, we are not going to be able to prevent such tragedies in the future.

In the ARB's investigations of the bombings, the Boards were struck by the similarity of our recommendations with those drawn by the Inman Commission some 15 years ago. I find very troubling the failure of the U.S. Government to take the necessary steps to prevent such tragedies in the interim. The renewed appearance of large bomb attacks against the U.S. embassies and the emergence of sophisticated and global terrorist networks aimed at U.S. interests abroad have dramatically changed the threat environment.

In addition, terrorists may in the future use new methods of attack of even greater destructive capacity, such as biological or chemical weapons.

I would say unequivocally that old assumptions are no longer valid. Today many U.S. Government employees from many agencies work in our embassies overseas. They work and live in harm's way, just as the military people do. We must acknowledge that and remind our citizenry of this reality of life overseas for official Americans.

In turn, the Nation must make greater efforts to provide for their safety. I would never suggest that service abroad can be made completely safe. It cannot. But we can reduce some of the risk to the survival and security of our personnel. Even if terrorists are going to continue attacks on our embassies and other buildings and missions, we can make the environment such that they can't kill as many, and that the rate of survivability can be much greater.

Of course, this will require greater effort in terms of national commitment, resources, and procedures than in the past. Without that kind of commitment, nothing is going to change.

I should make a particular comment on funding. If we are to have comprehensive and long-term strategy for protecting our embassies overseas, it will be necessary to have some kind of sustained funding plan. This depends on the support of the Administration and the Congress.

We also need a long-term capital plan, a building program which is discrete and separate from the regular State Department budget. That plan should be based on a comprehensive assessment of the requirements to meet the new range of terrorist threats, and our study recommended such.

The ARB's recommended budget appropriations of $1.4 billion per year sustained over a 10-year period over and above the normal State Department budget.

We understand there will never be enough money to do all that should be done. We will have to live with partial solutions, and probably for quite some time. In turn, a high level of threat and vulnerability will continue for quite some time.

All employees serving overseas should assign a higher priority to security --and the Boards were very adamant about this--and adjust their life-styles to make workplaces and residences safer. In overseas missions there is a tendency for people to continue doing their work in a certain way, traditional missions, not changing their life which they are very satisfied with, and then let someone

else provide for their safety. Those days are gone. This attitude must be changed.

Successful overseas terrorist attacks kill our people, diminish confidence in our power, and bring tragedy to our friends in host countries. We must no longer permit that to occur.

When choosing embassy sites, safety and security concerns should guide our considerations more than whether a location is convenient or historic or of symbolic importance. Most host countries want our embassies to be safe. If they don't, we probably shouldn't be there.

There is every likelihood there will be further large bomb and other kinds of attacks. We must face these facts and do more to provide security or we will continue to see our people killed, our embassies blown away, and the reputation of the United States overseas eroded.

Lewis B. Kaden
Chairman, Overseas Presence Advisory Panel
Partner, Davis Polk & Wardwell
Statement before the House International Relations Committee
Subcommittee on International Operations
Washington, D.C., February 2, 2000

Good morning, Mr. Chairman and Members of the Committee. I am pleased to appear before you to discuss the report of the Overseas Presence Advisory Panel, which was issued in November.

Before describing the findings of the panel, I want to make four preliminary comments. The first is a personal observation. When Secretary Albright asked me to chair the panel, her only request was that the panel offer our best thoughts about how to improve the way the United States coordinates its activities overseas. I thought at the time, and I think even more so now, that it was to her credit and that of her colleagues, particularly Under Secretary Thomas Pickering and Under Secretary Bonnie Cohen, that she was willing to convene such an independent group and invite a fresh look. She never second guessed the judgment that she made at the beginning, inviting us to apply our most creative analysis about how to improve the United States' overseas presence.

The second point is that as I visited posts in Asia and Europe, it occurred to me how much we all owe to the dedicated men and women who choose to serve the United States overseas. As you will hear, the panel concluded that those men and women often serve under circumstances in drastic need of improvement. We found conditions that do not meet adequate standards for facilities, security, training or support. But notwithstanding that, what we observed consistently was the high quality of talent and dedication exhibited at the posts and how much superb work was being done under often adverse and unsatisfactory conditions.

Third, Secretary Albright and her team deserve credit not only for creating the panel, but also for some of the steps taken already to address problems in the areas of security, technology, human resource practices and other aspects of management, both overseas and in Washington. These deficiencies are real and need urgent attention, but we ought not to lose sight of the effort and initial progress that has been made.

Fourth, this is an area where Congressional involvement and leadership is crucial. The Panel recommends that the Administration and Congress join together in the effort to modernize our overseas presence so that Americans serving abroad have that protection, the training, the technology, the support and the facilities they need to meet the challenges and opportunities they face.

Secretary of State Albright's charge to the Panel when we were established last February was to prepare a report and recommend criteria for the "location, size, and composition of overseas posts." We were also to consider "multi-year funding programs" for the U.S. government's overseas presence.

Our Panel had 25 members, including present and former ambassadors; senior representatives from Defense, AID, CIA, and Justice; former members of Congress; and leaders of business, non-governmental organizations, labor, and academia.

We visited 23 posts overseas, a mix of small, medium, and large embassies and consulates. We talked to hundreds of people at post and here in Washington. To learn from others' efforts, we reviewed previous studies, articles, speeches, and books. We also looked at the best practices of various extensive multinational corporations with activities around the world and the human resource practices of other nations with overseas activities.

The Panel's report includes ten principal findings:

1. Universality: To advance U.S. national interests overseas, there is no substitute for face-to-face, day-to-day contact. The panel found that our on-the-ground presence is more critical than ever before.

2. Security: Thousands of our employees abroad continue to face a simply unacceptable level of risk from terrorism and other threats. Assuring their safety must be a top priority.

3. Rationale for America's Overseas Presence: An extensive overseas presence is vital to our efforts to ensure the security and prosperity of the American people. Overseas missions are the principal vehicle for the traditional functions of managing relations with other governments, promoting a better understanding of American interests and goals and giving our leaders a better appreciation of judgments and relations in other nations. U.S. posts have also become an important platform for meeting new challenges such as expanding the rule of law, building democratic institutions, promoting U.S. investment and trade, protecting the environment and advancing workers' rights. They are also the front line of efforts to battle international crime and terrorism, global health risks and weapons proliferation.

4. Interagency coordination: While some 30 executive branch agencies operate out of our diplomatic missions, there is no rational interagency system for determine the size, shape, and goals of our overseas presence.

The ability of Ambassadors to run their missions is undermined by their lack of control over the resources and personnel ostensibly working under them.

5. Presidential and Congressional leadership: The involvement of both the President and the Congress is essential in designing and funding our overseas presence so that it is both effective and efficient.

6. Resources: "Rightsizing" our overseas presence should result in some missions becoming smaller and the resources of all agencies operating overseas being distributed differently than they now are. The resulting budget savings to the entire U.S. Government would help support the necessary additional investments in technology, security, and training.

7. People and human resources policies: In our visits to overseas posts, we found talented and dedicated staff struggling to meet the demands of an expanded foreign policy agenda. Competition from the private sector and the hardship associated with overseas service threatens to deplete the Government's talent pool. Personnel policies must give more weight to family considerations and adopt better practices for recruiting, training, evaluating, promoting, and retaining talented people.

8. Information technology and knowledge management: Our missions abroad are ill-equipped with antiquated, inefficient, and incompatible information technology systems. The technology which is taken for granted in other organizations is largely non-existent in U.S. overseas activities, and this deficiency seriously impedes our capacity to represent America's interest effectively.

9. Capital needs and facilities management: In many places, our employees abroad work in appalling conditions. We saw many dilapidated, overcrowded, and inefficient facilities. Many missions need significant capital improvements to ensure security, improve working conditions, and equip personnel with efficient and secure information and telecommunications technologies.

10. Dangers of inaction: The findings I have listed together threaten to cripple America's overseas presence, with serious consequences to our capacity to serve the nation's interest.

I would like now to add some personal observations and elaborate with respect to a few of these findings.

As you know, there is a great debate about whether, in light of the changes in communication technology and the end of the Cold War, an aggressive overseas presence is still in the nation's interests. This panel found, unanimously and emphatically that in fact those changes in the world make the activities performed by representatives of the United States overseas all the more important.

The end of the Cold War, the opening of markets, the spread of democracy, and the triumph of many of the values that underlie America's system of government and our society has in fact multiplied the array of challenges facing our representatives. The traditional functions of political and economic analysis, reporting and intelligence gathering are still important, but they are joined today by an array of issues and challenges that would have been quite unfamiliar to the diplomats 20 or 30 years ago. For instance, the globalization of economic activity and trade has been accompanied the globalization of crime and terrorism. Our representatives are called on respond to the threat for international organized crime, global disease and environmental risks, as well as the effects of these forces on Americans at home. These are the challenges that now occupy the agenda of our posts overseas and that require the skill, training and talent characteristic of modern diplomats.

In each of these areas, no longer can diplomats see their function primarily as interaction with government counterparts. Our representatives need to interact on a daily basis with the civil society in which they serve. Our own politics is based on a pluralist system of democracy in which representatives and interest groups interact on a continuing basis and groups in the civil society are as much a part of the political process as elected and appointed officials. As democracy spreads around the world, that is increasingly true in other countries as well and this phenomenon increases the challenges and enhances the opportunities for our representatives.

Commercial diplomacy is another example of change and opportunity. Not long ago, there was lively debate about whether it was appropriate for U.S. representatives to advocate American business interests abroad. That debate had been put to rest – no one doubts the importance anymore of commercial advocacy in support of U.S. interests. Indeed, some of our allies and trading partners were effective advocates for their own products and services long before we were very good at it. But we have overcome that lag and today our representatives around the world need to be aggressive advocates of U.S. investment and U.S. products and services as a part of the competitive framework which defines markets around the world.

Across the agenda, it has become all the more important that we have the right personnel with the right skill, the right training and the right support representing

the United States overseas. That is the single most important conclusion of the panel.

The panel also concludes, however, that the condition in which we ask men and women to represent the United States overseas is sorely in need of improvement or, as the report states, it is "perilously close to system failure."

The elements of that system failure are apparent. They include a litany of shortcomings: dilapidated facilities, outmoded or nonexistent information technology, security provisions that need improvement, management and human resource practices that lag behind the standards of first class organizations in both the public and the private sector. Each of these conditions is unacceptable.

The bottom line is that it is not acceptable for the United States, given our strength, the importance of our role in the world, and the talent and dedication of our overseas personnel to ask them to serve in such unsatisfactory conditions.

RECOMMENDATIONS

To remedy the situation as we found it, the Panel developed the following recommendations:

First, the Panel endorsed the security recommendations of the Accountability Review Boards appointed following the 1998 embassy bombings in Africa, and chaired by Admiral William Crowe, who was also a member of our panel. We support the funding required for security upgrades and urge the President and Congress to act promptly on this matter. Our own recommendations also focused on actions that would create a pro-security mindset among overseas personnel and establish clear-cut responsibility and accountability in the government for security.

Second, the President should establish by Executive Order a permanent Interagency Overseas Presence Committee, to be chaired by the Secretary of State with membership drawn from those agencies with significant presence overseas. The Committee would:

- Review the existing location, size, and composition of all posts and make changes accordingly. Significant savings to the entire U.S. Government should be achieved though this right-sizing process.

- Use a uniform decision-making matrix to ensure consistency with goals and objectives and match staffing with mission priorities.

- Be innovative in the use of small posts and other approaches that stretch taxpayer resources and enhance effective American presence, an initiative begum successfully by Ambassador Felix Rohatyn in France.

Third, the Congress should create by legislation an Overseas Facilities Authority (OFA) as a government chartered corporation to replace the existing Foreign Buildings Office in the Department of State and assume responsibility for the building and maintenance of physical facilities, both offices and residential, for our overseas personnel. The Secretary of State would chair the OFA and the board of directors would include representatives of departments and agencies with presence overseas. The OFA would be charged to:

- Finance, design, build, lease, and maintain official and residential facilities overseas.

- Have the authority to charge and collect rent from all agencies using the facilities and have a wider array of financing tools, including the authority to borrow long-term capital from the Federal Financing Bank.

- Operate as a "performance-based organization" to ensure attracting the best people, adopt the most innovative practices in the construction and building management industry and make effective use of private sector expertise in construction and building management.

Fourth, the Secretary of State should develop a comprehensive human resources strategy to improve the quality of life for persons serving overseas, to match more efficiently their skills and experience with mission priorities, and to increase sensitivity to family issues. Best practices for human resource management should include meaningful evaluation procedures, management and leadership development and more rapid promotional opportunities for the most talented career personnel.

Fifth, the President should direct all overseas agencies to provide all overseas staff with internet access, e-mail, a secure unclassified internet based platform and shared applications permitting unclassified communications among all agencies and all posts. The first step toward bringing modern communications capacity to the government should be accomplished within a year. Over the next two years, an interagency effort should plan and implement a common platform for secure classified information. It is simply unacceptable in today's world for the United States Government not to have the capacity for communication across agency

lines and around the world that is taken for granted in private sector organizations. This is not a problem of technological challenge. It is not a problem of being able to overcome the special security interests that apply to government communication. It is not a problem of lack of resources, because, as our report demonstrates, the technology exists to improve the ability to communicate effectively at a reasonable and justifiable cost.

The Panel also made a number of recommendations for specific improvements in the areas of training, consular services, administrative practices, and an enhanced role for ambassadors.

You have asked me to address the prospects for follow-through on the Panel's recommendations. Our Panel feels strongly that our report must not become just one more study filed away on the shelf. We have tried to enhance the prospect for implementation by consulting widely with the Administration, with members of Congress and with various private sector groups. Now the implementation responsibility rests with the President, the Secretary of State and the Congress. I urge you and your colleagues to work with the Administration on these matters and to monitor their progress in making the improvements called for in our report. This hearing is an important part of that effort.

Thank you very much. I would be pleased to respond to any questions you might have.

Statement of Dr. Lynn E. Davis
"Changing American Diplomacy for the New Century"
Committee on International Relations
U.S. House of Representatives
February 2, 2000

Mr. Chairman,

I am very pleased to appear before your Committee.* Admiral Crowe has asked me to extend his regrets for being unable to appear. I would like to submit his statement for the record, as well as my own.

I have been privileged to serve on the Accountability Review Board, which investigated the tragic embassy bombing in Tanzania, and on the Overseas Presence Advisory Panel, which was charged with reviewing the value and appropriate size of the nation's overseas presence, and with determining how the US government could provide greater security for its overseas personnel in the face of budgetary restraints and new foreign policy priorities.

I subscribe to the view of the Overseas Presence Advisory Panel that the dramatic changes in the world make our overseas presence in virtually every country more valuable than ever before. At the same time, thousands of Americans representing our nation abroad still face an unacceptable level of risk from terrorist attacks and other threats. We must accelerate the process of addressing these security risks, and in the future ensure that

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security risks are considered when defining the number and tasks of Americans overseas.

What will this require?

We must pursue a comprehensive strategy to improve security, no single step will be sufficient. We must appreciate that no one is safe, and every embassy is a potential target. Everyone must share responsibility for security, here at home and abroad. Americans overseas also need to adjust their life styles so as to prepare for these dangers and make their workplaces and residences safer.

The Secretary of State must give security her personal priority and attention. She needs to ensure that accountability and clear lines of responsibility are in place for assuring the security of Americans overseas. This was not the case at the time of the embassy bombings. I would urge the Secretary to implement the recommendation of the Overseas Presence Advisory Panel "to designate the Deputy Secretary of State as the individual responsible for carrying out the legislatively mandated responsibility to provide security for all American officials abroad."

We must urgently pursue near term steps, such as upgrading windows, building barriers and warning systems, improving training and crisis management and emergency response systems; providing more and better-trained regional security officers, and improving and expanding cooperation with host nations. The State Department has begun many of these, now the programs must be sustained.

Most important is the need to address the vulnerabilities of our embassies. This will be expensive—but it is not too much to ask for those who carry out America's goals abroad.

The Accountability Review Board estimated that these costs would be approximately $1.4 billion per year maintained over an approximate 10 year period, for a new capital building program and for security operations and personnel. I am disappointed that the President has not done more to find the funds necessary to carry these programs forward.

Fifteen years ago, Admiral Inman's Advisory Panel produced a comprehensive report on the issue of embassy security. The Accountability Review Boards were struck by how similar the lessons were for the East Africa bombings to those drawn by the Inman Panel. Most troubling was the failure of the US government to take the necessary steps to prevent such tragedies through an unwillingness to give sustained priority and funding to security improvements.

On August 7, 1998, 220 persons were killed, including twelve Americans, and more than 4.000 people were injured. We must do everything we can to keep this from happening again.

In the words of the Chairman of the Accountability Review Boards, Admiral Crowe: "We must face these facts and do more to provide security or we will continue to see our people killed, our embassies blown away, and the reputation of the United States overseas eroded."