



Committee on Foreign Affairs

CHAIRMAN ILEANA ROS-LEHTINEN



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Opening Statement

"The Fiscal Year 2013 Budget: A Review of U.S. Foreign Assistance Amidst Economic Uncertainty"

March 20, 2012

Our hearing this morning is to discuss the foreign assistance budget for Fiscal Year 2013. When we met last year, we discussed the foreign aid budget against the backdrop of our nation's challenging fiscal situation, including our vast annual deficit. Regrettably, as all of us know, little has changed in that time.

One year later, newspaper headlines read: "nearly 1 in 6 Americans in poverty"; "line grows long for free meals at U.S. schools"; "city cost cutting leaves residents in dark".

Our nation continues to face a substantial deficit, with 35 cents of every dollar being borrowed. The Congressional Budget Office predicted that our budget deficit will total a staggering \$1.08 trillion this year. CBO has also projected that the jobless rate will rise to 8.9% by the end of 2012, and to 9.2% in the following year. Therefore, it is critical that we continue to thoroughly scrutinize our government spending, and foreign assistance is no exception. Every dollar must be justified.

It is a common argument that the foreign aid budget represents 1% of the overall federal budget. However, within that 1% are billions of U.S. taxpayer dollars that the American people have earned through hard work and have generously provided to nations around the world. It is our responsibility to ensure that these hard earned dollars are held to the highest standards of transparency, are reaching the intended recipients, and are advancing our national and security interests and foreign policy priorities.

Our foreign aid is not an entitlement program. Countries like Botswana, Chile, Thailand and South Korea have all used U.S. foreign assistance to build their economies and eventually graduate from U.S. foreign assistance. This should be the goal for all countries that receive U.S. assistance.

Dr. Shah, in previous remarks over the last year, you stated that by 2015, USAID could help several countries move away from U.S. assistance and thus close USAID missions. However, the budget request you submitted does not include any scheduled USAID mission closures in FY2013. Dr. Shah, what changes or reforms are you proposing or implementing to ensure that U.S. foreign aid does not create dependency, but rather leads to empowerment and self-sufficiency?

What is USAID's strategy for moving countries beyond foreign assistance so that they can stand on their own? Modest progress was made in FY2012 to eliminate unnecessary programs and missions. However, in reviewing the FY2013 budget, it does not appear to reflect a commitment to increased cost savings and elimination of U.S. assistance to countries that no longer need our support.

Further, the Administration's Congressional Budget Justification states that the budget proposal only requests what is absolutely necessary. Yet the Administration is seeking nearly \$2.6 billion under this request for international climate change programs, while humanitarian assistance accounts are scaled

Contact: Committee Press Office, 202-225-5021

back. I remain concerned that funding of these programs is being provided at the expense of good governance, democracy and rule of law programs.

With limited resources, we must ask if this best meets our U.S. national security interests. For example, U.S. foreign assistance to the countries of the Western Hemisphere should reflect our main concerns: security and democracy in that area. Under this request, funding for environmental programs to Guatemala increases by \$2.5 million, funding that could be put to better use elsewhere for prevention programs that counter narco-trafficking and promote security funding.

At a time when violent drug cartels are expanding their influence and fundamental freedoms are under assault by the ALBA tyrants, citizen security and democracy assistance must be USAID's priority. This priority must be appropriately reflected in the President's foreign assistance budget request. The sharp cut in democracy funds for Cuba and Venezuela sends the wrong message to the internal opposition in these countries. Cuban dissidents will question the United States' commitment to a free Cuba as funding is decreased by \$5 million.

As the ALBA regimes move further down the path of totalitarianism, this proposed budget rewards the dictatorships in Bolivia, Ecuador, and Nicaragua with an increase of Development Assistance. In Nicaragua, the proposed budget reveals a \$3.1 million boost in funding for Fiscal Year 2013. Yet, the unconstitutional reelection of Daniel Ortega and his successful power grab demonstrate that USAID funds have not been spent wisely to promote democracy or transparent elections.

Even more worrisome, our current USAID programs in Nicaragua support a handful of Sandinista mayors at the municipal level. In Ecuador, Correa continues to intimidate the private media and independent journalists, but the President's budget request increases funding for Development Assistance to Ecuador by \$2 million. I also remain opposed to the increase in money for family planning and reproductive health—especially when all other global health accounts decline.

The Administration's reversal of the Mexico City Policy allows U.S. government funding to be allocated to foreign non-governmental organizations that support or promote abortion as a method of family planning. An increase in family planning and reproductive health would only provide further opportunity for expanded funding for these organizations.

I look forward to discussing with you the reforms you have introduced to make the delivery of our foreign assistance more effective, and what steps USAID is currently taking to break the welfare state relationship between U.S. foreign assistance and dependent countries.