

Transcript of Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs Hearing on the Proposed Fiscal 2012 Budget Request for the State Department

Hearing Held on March 2, 2011

LEAHY:

Thank you all. We have -- for one thing, I do welcome the secretary here, who's had -- it feels like she's probably back as a member of Congress, the amount of time she's spent up on the Hill recently.

But, Madam Secretary, we all appreciate it. It's all very helpful to us.

I note that each member stage my left is new to the subcommittee, so I want to welcome all of you publicly. And I'm sure Senator Graham, who -- Senator Graham and I have served together forever -- will get a chance to recognize them as we go ahead.

One of the nice things about Senator Graham, he and I have worked together on Judiciary Committee, where his expertise has been very good. We've run the -- kind of the bipartisan National Guard caucus and traveled around different parts of the world, some enjoyable and some about as miserable places as you're ever going to see together. So -- but he has unique knowledge as a former judge advocate general, and I welcome him.

Because as I mentioned earlier, when we were meeting the chairman and ranking members of this committee, have usually worked to try to produce a bipartisan, usually unanimous bill, as Senator McConnell and I did when we were, one time or another, either chairman or ranking member, Senator Gregg and I have, and others will.

And you were mentioning Rich Berman (ph) is leaving.

And I understand, Rich (ph), you're going back to practicing law, but we'll miss you. We missed you when you left the Senate and went down there. We'll miss you now.

Madam Secretary, Congress has yet to finish yet on the fiscal year 2011 budget. We received yesterday the justification materials (ph) for the fiscal year 2012, so (inaudible) House majority has proposed drastic cuts in your budget for the remainder of 2011. The impact of those cuts on the operation of our embassies, which all Americans who travel or study or work abroad depend on, every time there's a problem in a country, any American in that country goes first and foremost to the American embassy. We saw that in Egypt and Libya.

On our national security programs, we go from Afghanistan to Mexico, and you mentioned that the president of Mexico is coming here tomorrow. We work on the development of foreign markets for U.S. exports, which, of course, create thousands upon thousands of jobs here in the United States. And we have our influence on international organizations, all of which are going to be affected by these cuts.

We've all been fascinated by recent uprisings in Tunisia, Egypt, Libya, Iran, Yemen, elsewhere. I think that the courage and determination of people in these countries in overcoming generations of fear and anxiety and apathy is extraordinary. It's inspiring, but it also raises the question, what comes next?

And (inaudible) hard to see how the government of Iran doesn't come out stronger as a result of all this upheaval. And that concerns everybody here. The U.S. should be a strong voice for people living under repressive, corrupt regimes who are demanding the freedoms we often take for granted (inaudible) the support we need in countering terrorism around the world.

We've seen the power of Internet, Facebook, Twitter, and other social media. We saw how the Mubarak regime tried to silence it and failed. We know how Iran rulers are cracking down on it. And since -- the reason I mentioned it, this subcommittee, since 2008, I mention it especially for our new members, has appropriated \$50 million for programs to promote Internet access and circumvent government censorship around the world.

It's something that other countries hadn't done, we've done, and it's been -- it's one of the reasons why people have their voices heard now. And so I wanted to talk about how the State Department is using these funds. I think that your budget request is a more -- far more responsible approach to the national security challenges we face than what we've seen in the other body's fiscal year continuing resolution -- fiscal year 2011.

We face threats. We have important interests, not only in the Middle East and South Asia, but in every continent. China, our biggest competitor, is expanding its influence in every single hemisphere. We've got to be in every hemisphere if we're going to combat that. There's a global food crisis some seem oblivious to. We can't punt these challenges down to the next generation.

We have human rights and tolerance, transparent, accountable government, the rule of law. That's why I wrote the Leahy amendment a decade-and-a-half ago, and it was passed with bipartisan support.

So I'm going to put all my -- the rest of my statement in the record and turn it over to Senator Graham and then yield to you, Madam Secretary, and we can go to questions.

GRAHAM:

Well, thank you, Mr. Chairman. I'm honored to be on the subcommittee. This is a change for me and is something that I've been looking forward to for a very long time.

And we have worked together on Judiciary. We have good contests, and we work together well, and that's what the Senate's supposed to do, sometimes fuss and sometimes fight, and -- but sometimes get something done.

Now, on my side, Mr. Chairman, you mentioned the new members. We really have a rich resource for the nation here. Senator Kirk is a naval reservist who's going to be in charge of piracy. He doesn't know that yet, but he really has been involved in international security matters for a very long time, and a really unique guy to have in the Senate.

Roy was one of the leaders in the House, and he's going to tell us how to deal with the House when it comes to finding the difference between \$14 billion...

CLINTON:

That does require treaty negotiations.

GRAHAM:

Yeah. Well, I think Roy's your man. He knows how to get things done.

And we've got a governor and really look forward to hearing your view of what it's like in the prairie land to talk about foreign operations and foreign aid.

We've got a businessman who just got mad, very successful, ran for the Senate, and is here for all the right reasons, and that's Senator Johnson. I very much like your view of how this fits into the overall problems we have as a nation, where we should be going in terms of foreign operations.

And I'd mentioned Dan Coats last for a reason. He was an ambassador. He's actually lived in the world of which we're talking about who represented our country in Germany. Just within a few days of arriving, 9/11 happened, and I think he can really share with the members of this committee what it's like to represent America abroad, particularly when you're at war.

So we have a good team over here. And I'm very proud of my colleagues. And, Mr. Chairman, working together, we're going to defend America. And it's my view this account is as much of winning the war as any other account that we will deal with.

Secretary Clinton said something when we were meeting that just I think we have to come to grips with. She said that everybody in the world doesn't believe America can't do anything that needs to be done and we don't have money problems.

I found that to be true. How many times have you traveled overseas where somebody in a foreign government will ask you for money, never believing that we can't provide the money or we can't provide the resources? Because from their point of view, America is the group of people -- even though they won't say this publicly -- privately, that can fix anything.

Well, I'd like to think of ourselves in good terms, but we can't fix everything, and we have money problems.

So part of the challenge is to educate our -- our allies throughout the world that we're hurting here at home and we're going to have to do more with less, that we still have a good heart, and we want to be involved and not leave vacuums that would be filled in by bad people, but we've got to get our fiscal house in order.

And we -- on our side particularly -- have to go home and convince people who are hurting, who've lost their jobs and budgets have been cut and they don't know if they're going to get the next paycheck -- and some of them -- many of them are living on unemployment benefits -- that spending money overseas really does matter.

And so that's the challenge, the tale of two people, the world at large, who believes America has an unlimited ability to help and we have no budget problems, and people here at home who have to be shown, I think, why it matters to be involved.

If we were not involved in Egypt for 30 years with their army, God knows what would have happened. And that is not popular to talk about on the stump, but it is a reality of the world in which we live in. How we help the Libyan people, the Tunisian people will matter, because if we don't help them, somebody else will.

So I look forward to working with you, Mr. Chairman, to try to articulate to the American taxpayer who's under siege that we have to stay involved in the world. And General Petraeus believes that the civilian side of the military-civilian partnership is more important than ever, that we cannot win in Iraq if we don't keep the civilian component strong, because you will be in the lead, and the civilian surge in Afghanistan is as important as any brigade we're going to send.

So we have to convince the world that we have limited funds here and our own people to spend money wisely. And I cannot stress enough, from my point of view, that the account we're talking about can make the difference between a safe America or an at-risk America.

Can it be reduced? Can it be reformed? Yes. But if you don't see it as a national security tool, then I think we're missing the mark as a nation. So I look forward to working with you.

LEAHY:

Thank you very much.

And, Secretary Clinton, please go ahead.

CLINTON:

Thank you very much, Chairman Leahy and Ranking Member Graham. It's wonderful being back here in the Senate and having this opportunity to discuss these important issues with you. And I welcome all the new members to the Senate. I hope that they enjoy their time here as much as I enjoyed my eight years.

I'm looking forward to working with this committee, because there is an enormous amount that we have to do together. I recently took part on Monday in emergency meetings in Geneva to discuss the unfolding events in Libya. And I'd like to begin by offering you a brief update.

We have joined the Libyan people in demanding that Colonel Gadhafi must go now, without further violence or delay. And we are working to translate the world's outrage into actions and results.

Marathon diplomacy at the United Nations and with our allies has yielded quick, aggressive steps to pressure and isolate Libya's leaders. We welcomed yesterday's decision to suspend Libya from the Human Rights Council, as I had urged a day earlier.

USAID is focused on Libya's food and medical supplies and is dispatching two expert humanitarian teams to help those fleeing the violence into Tunisia and Egypt. Our combatant commands are positioning assets to prepare to support these critical civilian missions. And we are taking no option off the table, so long as the Libyan government continues to turn its guns on its own people.

The entire region is changing, and a strong, strategic American response will be essential. In the years ahead, Libya could become a peaceful democracy, or it could face a protracted civil war, or it could fall into chaos. The stakes are high.

This is an unfolding example of using the combined assets of diplomacy, development, and defense to protect our interests and advance our values. This integrated approach is not just how we respond to the crisis of the moment. It is the most effective and most cost-effective way to sustain and advance our security interests across the world. And it is only possible with a budget that supports all the tools in our national security arsenal.

Now, I agree that the American people today are justifiably concerned about our national debt, but I also believe that we have an opportunity, as well as an obligation, to make decisions today that will keep us safer and more secure and more prosperous into the future.

In Iraq, almost 100,000 troops have come home, and civilians are poised to keep the peace. In Afghanistan, integrated military and civilian surges have helped set the stage for our diplomatic surge to support an Afghan-led reconciliation that can end the conflict and put Al Qaida on the run.

We have imposed the toughest sanctions yet to rein in Iran's nuclear ambitions. We have re-engaged as a leader in the Pacific and in our own hemisphere. We have signed trade deals to promote American jobs and nuclear weapons

treaties to protect our people. We worked with Northern and Southern Sudanese to achieve a peaceful resolution and prevent a return to civil war.

And we are working to open political systems, economies, and societies at this remarkable moment in history in the Middle East, where we are trying to support orderly, peaceful, irreversible democratic transitions.

Our progress is significant, but our work is ongoing. We believe, obviously, that these missions are vital to our national security and now would be the wrong time to pull back.

The F.Y. 2012 budget we discuss today will allow us to keep pressing ahead. It is a lean budget for lean times. I launched the first-ever Quadrennial Diplomacy and Development Review, following on my experience when I served with Senator Graham on the Armed Services Committee, what the Pentagon had done with its Quadrennial Defense Review.

So this QDDR helped us maximize the impact of every dollar we spend. We scrubbed the budget. We made painful, but responsible cuts. We cut economic assistance to Central and Eastern Europe, the Caucasus and Central Asia by 15 percent. We cut development assistance to over 20 countries by more than half.

And this year for the first time, our request is divided into two parts. Our core budget request is for \$47 billion, which supports programs and partnerships in every country but North Korea. It is essentially flat from 2010 levels.

The second part of our request funds the extraordinary, temporary portion of our war effort that we are responsible for in the same way the Pentagon's request is funded, in a separate Overseas Contingency Operations account known as OCO.

Instead of covering our war expenses through supplemental appropriations, we are now taking a more transparent approach that reflects our fully integrated civilian-military effort on the ground. Our share of the president's \$126 billion request for these exceptional wartime costs is \$8.7 billion.

Let me walk you through a few of these key investments.

First, this budget funds vital civilian missions in Afghanistan, Pakistan and Iraq. In Afghanistan and Pakistan, Al Qaida is under pressure as never before. Alongside our military offensive, we are engaged in a major civilian effort to help build up the governments, economies, and civil societies of those countries in order to undercut the insurgency.

These two surges set the stage for a third, a diplomatic push in support of an Afghan process to split the Taliban from Al Qaida, bring the conflict to an end, and help stabilize the entire region.

Our military commanders, as you just heard, including General Petraeus, are emphatic that they cannot succeed without a strong civilian partner. Retreating from our civilian surge in Afghanistan with our troops still in the field would be a grave mistake.

Equally important is our assistance to Pakistan, a nuclear-armed nation with strong ties and interests in Afghanistan. We are working to deepen our partnership and keep it focused on addressing Pakistan's political and economic challenges, as well as our shared threats.

And after so much sacrifice in Iraq, we have a chance to help the Iraqi people build a stable, democratic country in the heart of the Middle East. As troops come home, our civilians are taking the lead, helping Iraqis resolve conflicts peacefully and training police.

Shifting responsibilities from our soldiers to our civilians actually saves taxpayers a great deal of money. The military's total OCO request worldwide will drop by \$45 billion from 2010, while our costs in State and USAID will increase by less than \$4 billion. Every business owner I know would gladly invest \$4 to save \$45.

Second, even as our civilians help bring today's war to a close, we are also working to prevent tomorrow's. This budget devotes over \$4 billion to sustaining a strong U.S. presence in volatile places.

In Yemen, it is helping to provide security, development, and humanitarian assistance to deny Al Qaida a safe haven. It focuses on those same goals in Somalia. It is helping Northern and Southern Sudanese chart a peaceful future, helping Haiti to rebuild. And it proposes a new Global Security Contingency Fund that would pool resources and expertise with the Defense Department to quickly respond to challenges as they emerge.

This budget also strengthens our allies and partners. It trains Mexican police to take on violent cartels and secure our southern border. It provides nearly \$3.1 billion for Israel and supports Jordan and the Palestinians. It does help Egypt and Tunisia build stable and credible democratic systems. And it supports security assistance to over 130 nations.

The secretary -- as Senator Graham said, over the years, we've seen great ties created because of that funding. We did help to train a generation of Egyptian officers who refused to fire on their own people.

Third, we are making targeted investments in human security. We have focused on hunger, disease, climate change, and humanitarian emergencies, because they threaten not only the security of individuals, but they are the seeds of future conflict.

Our largest investment is in global health programs, including those launched by President George W. Bush. These programs stabilize entire societies that have been devastated by HIV/AIDS, malaria, and other illnesses. They save the lives of mothers and children and halt the spread of deadly diseases.

And, yes, global food prices are approaching an all-time high. And three years ago, this led to protests and riots in dozens of countries. Food security is a cornerstone of global stability, and we, under our policy, are helping farmers grow more food, drive economic growth, and turn aid recipients into trading partners.

And climate change threatens food security, human security, and national security, so our budget builds resilience against droughts, floods, and other weather disasters, promotes clean energy, and preserves tropical forests.

Fourth, we are committed to making our foreign policy a force for domestic economic renewal. We are working aggressively to promote sustained economic growth, level the playing field and open markets to create jobs here at home.

To give you just one example, our economic officers in Vietnam helped Boeing secure a \$1.5 billion contract for eight 787 aircraft to be assembled in North Charleston, South Carolina. And I personally lobbied for that, Senator.

Fifth and finally, this budget funds the people and the platforms that make everything possible that I've described. It allows us to sustain diplomatic relations with 190 countries. It funds political officers, defusing crises, development officers spreading opportunity, economic officers who wake up every day thinking about how to put Americans back to work.

Several of you have asked the department about the safety of your constituents in the Middle East. Well, this budget helps fund the consular officers who evacuated over 2,600 people from Egypt and Libya and nearly 17,000 from Haiti. They issued 14 million passports last year and served as our first line of defense against would-be terrorists seeking visas to enter our country.

At the same time, I'd like to say just a few words about funding for the rest of 2011.

As I told Speaker Boehner and Chairman Rogers and many others, the 16 percent cut for State and USAID that passed the House last month would be devastating to our national security. It is no longer possible in the 21st century to say that you are walling off national security by going after non-defense discretionary spending. We are so much more integrated and interdependent, and it would force us to scale back dramatically on critical missions that are absolutely supported by Secretary Gates, Admiral Mullen, General Petraeus, and others.

Now, there have always been moments of temptation in our country to resist obligations beyond our borders. But each time we shrink from global leadership, events summon us back to reality.

Now, we saved money in the short term when we walked away from Afghanistan after the Cold War. But those savings came at an unspeakable cost, one we are still paying 10 years later in money and lives. We have over generations enabled Americans to grow up successful and safe because we've led the world, we've invested resources to build democratic allies and vibrant trading partners, and we did not shy away from defending our values, promoting our interests, and seizing opportunities.

Having now traveled more than any secretary of state in our history, I know that the world has never been in greater need of the qualities that distinguish us, our openness and innovation, our determination, our devotion to universal values.

Everywhere I travel, I see people looking to us for leadership. This is a source of strength, a point of pride, and an opportunity for the American people. But it is an achievement, not a birthright. It requires resolve, and it requires resources.

And I look forward to working closely with you, as we try to keep our country safe and maintain American leadership in the world.

LEAHY:

Thank you very much, Madam Secretary.

And on the side, Senator Graham and I kind of whispered to each other that we don't know how you handle the jetlag with the amount you travel, but I feel fortunate this country has you representing us in the parts of the world where you do go.

Before we get into -- I'm going to have a question mostly for the record, but we have the Leahy amendment, which was passed in a bipartisan fashion, has been the law for over 13 years. It says if a secretary of state has credible evidence that a unit of foreign security forces committed a gross violation of human rights, U.S. aid to that unit stops, unless the foreign government brings the individuals responsible to justice. This makes sure that they stay accountable and that we don't have U.S. assistance used to commit a crime.

Now, we've seen on the news the use of tear gas, clubs, rubber bullets, and live ammunition against peaceful protesters in different parts of the world. I'm not going to go into all the countries where this would apply, but just to go in the Middle East and South Asia, we have aid that is -- that is contingent upon the Leahy amendment in, among others, Afghanistan, Bahrain, Egypt, Israel, Jordan, Iraq, Tunisia, Morocco, Lebanon, Pakistan.

So what I would ask -- and you can submit this for the record, but I'd like it within a week -- has any military -- have any military or police units in those countries that I listed been deemed ineligible for U.S. assistance under the Leahy amendment? So if you could provide that for the record.

CLINTON:

Yes, sir. We will do that.

LEAHY:

You talked to -- let me ask you -- in Libya, the issue is not whether Moammar Gadhafi's regime will end, but when and how it ends and how many people are going to die needlessly before that.

Some members of Congress have urged the administration to provide weapons to the Libyan opposition. I understand the sentiment, but I'm not quite sure what is in the Libyan opposition. There are a number of different factions and tribes. They have different units of military. Some seem loyal to Gadhafi, some to join with rebels. How -- some seem to be trying to save their own necks, and some seem opportunistic.

How do we go about arming these people, knowing who you would arm? And what's the administration's position on a NATO-enforced no-fly zone over Libya? What might it accomplish?

CLINTON:

Well, Senator, I think that all of these matters are under active consideration, but no decisions have been made, and for good reason, because it's not at all clear yet what the situation demands.

We are actively reaching out, for example, to Libyans who are working to bring down the Gadhafi regime. We only set up our embassy in 2009. We did not have relations, as you know, for many years with Libya. We are working to understand who is legitimate, who is not, but it is premature in our opinion to recognize one group or another.

We have to keep our focus at this point on helping the Libyan people. And I think it's important to recognize that there is a great deal of uncertainty about the motives, the opportunism, if you will, of people who are claiming to be leaders right now. I think we have to be focusing on the humanitarian mission and then gathering information as we -- as we can.

With respect to the no-fly zone, we have been discussing that with a lot of our allies and are looking at it, but there are many -- many challenges associated with it. So at this time, we're focusing on how we can get medical supplies and food into the people who are in safe enough zones that it can be delivered to assist them as they try to rid themselves of this regime.

LEAHY:

The U.N. Security Council, in a unanimous vote, voted for sanctions against Libya, which I applaud. The International Criminal Court will conduct an investigation for possible prosecution of the Gadhafi regime for crimes against humanity.

Now, the U.S. is not a member of the International Criminal Court. It's actually a prohibition in the law of which I did not support, I might say, on U.S. support -- a prohibition law on U.S. support for the International Criminal Court.

If they were to ask the U.S. for information in an investigation so they could prosecute Gadhafi, his family, or those around him, would we be able to provide that information?

CLINTON:

We believe so, Senator. In fact, the ICC announced today they would be opening up an investigation file on Colonel Gadhafi and those around him. We also have our own interest in pursuing an American investigation regarding Pan Am 103. Some of the comments that have been made by some of the Libyan officials that they know that Gadhafi personally ordered the bombing of Pan Am 103 -- and as a senator from New York, I represented many of the families of victims, because they -- there were many from Syracuse University.

So in addition to supporting the ICC where we can, we are reaching out through the FBI and the Department of Justice to see what else we can do to pursue justice for the victims of Pan Am 103.

LEAHY:

You -- I don't want to go beyond my time here -- but you recently gave a speech at George Washington University. You talked about open and free Internet and the department's priorities in keeping that. Again, I agree with you. And you spoke about that a year ago.

Now, we've -- we, the Congress, have provided \$50 million for the efforts to keep it open; \$22 million of that have been spent. Is there a clear strategy for supporting Internet freedom? And should we continue to fund that through State or other relevant agencies, Broadcasting Board of Governors, others?

CLINTON:

Well, Senator, we are very committed to this. You know, I've given two speeches on it. I've made it a high priority within the department.

We have awarded more than \$20 million in competitive grants through an open process, including evaluation by technical and policy experts. This year, we will award more than \$25 million in additional funding.

And we're taking what you might call a venture capital-style approach. We're supporting a portfolio of technologies, tools, and training, because, frankly, we don't know what will work best. This is a pretty new field.

LEAHY:

Fast-changing field, too.

CLINTON:

Yes. And, I mean, really, we are -- we are -- I mean, I have all these young tech experts who are doing this, so I'm just repeating what they tell me. But we are moving as fast as we can to deal with situations that are totally unprecedented.

When Egypt shut down the Internet, nobody's ever done that before. And then, you know, some bright, young people figured out how to get around that with voicemail on cellphones.

So, I mean, we are in a real race on behalf of openness for the Internet versus those who wish to control it and limit its openness. So I think we've moved as fast as we responsibly could and are funding what we think of as the best bets that will actually produce the best results.

LEAHY:

Thank you.

Senator Graham?

GRAHAM:

Thank you, Mr. Chairman.

Madam Secretary, I think what you've done is going to become legendary. And the person who follows you should not try to duplicate this. It's not good for your health to constantly be in the air. I cannot tell you how impressed with your personal energy and the engagement you've offered on behalf of our country, and I really do appreciate it. I think we all are amazed at your work ethic.

Iran. A couple of years ago, the young people took to the streets in Iran. They were met with a very brutal response, and they were upset about the election, which I think most of us would agree was probably not free, fair and transparent.

Looking back, do you think we missed an opportunity there?

CLINTON:

You know, Senator, we spoke out at the time, and we were also not only conscious of, but advised by people from within and outside of Iran that it was very important for them not to be seen as though they were in any way a -- directed by, affiliated with the United States, that this needed to be viewed as an indigenous Iranian movement.

So I think we struck the right balance, but obviously what we have seen in the year-and-a-half or so since is the brutality of the Iranian regime, its absolute commitment to repressing any kind of opposition.

And I have been upping certainly, you know, my rhetoric. We have, under the legislation passed by the Congress, the ability to designate human rights abusers. We've been using that very dramatically...

(CROSSTALK)

GRAHAM:

Have we designated anybody in Iran as being a human rights abuser?

CLINTON:

Yes, sir, we have. We have designated a number of them. I just designated some more of them a few days ago.

GRAHAM:

What's the highest official who's been designated?

CLINTON:

I think -- I don't remember. I'll get you all of that. The prosecutor general was somebody we just designated.

GRAHAM:

Would you consider Gadhafi a human rights abuser?

CLINTON:

I would consider Gadhafi a human rights abuser. And I would consider the leadership of Iran a human rights -- as abusing human rights.

GRAHAM:

Including the president, Ahmadinejad?

CLINTON:

I -- I think that there is certainly evidence of that, yes, sir.

GRAHAM:

Well, let's drill down to this. The idea of a no-fly zone probably is complicated, but it makes sense to me to make sure that the Libyan people will not have to face airpower and that we have the ability to do that. And I understand the concerns about just passing out weapons. You don't know who you're passing them out to.

Would it be -- would it be smart if the -- there was another uprising in Iran, where the people took to the streets, that we stand behind the people in the streets and impose a no-fly zone in Iran, if they used airpower to oppress their own people? Or is that a different situation?

CLINTON:

Well, Senator, I think that I'm not going to speculate on a hypothetical.

GRAHAM:

OK. Fair enough.

Let's talk about oil. Gas prices are going to go up to \$4 a gallon. I think we're well on our way. Are you familiar with the oil sands in Canada?

CLINTON:

Yes, sir.

GRAHAM:

And the pipeline that's being proposed to be built from Canada to Texas, I think, Louisiana?

CLINTON:

Yes, sir.

GRAHAM:

I've been told that the second-largest known deposit of oil is in the oil sands in Canada and that it is equal to or greater than Saudi Arabia and Iran. And there's some problem with the pipeline. What's your view of the pipeline? Should America be trying to receive this oil from Canada?

CLINTON:

Well, Senator, since my department bears the ultimate responsibility for making a recommendation on the pipeline, I am not able at this time to express an opinion. The...

GRAHAM:

Are you generally supportive of receiving more oil from Canada and less from the Mideast?

CLINTON:

I am generally supportive of receiving more oil from Canada. I am absolutely supportive of us doing more in energy efficiency and renewables and looking for clean ways to use our own resources, as well.

GRAHAM:

Well, let's go to war zones. Now, in Iraq, by the end of the year, according to the agreement negotiated by the Bush administration, all American troops are supposed to withdraw by 2011. Is that correct?

CLINTON:

That's correct.

GRAHAM:

Now, come 2012, there's a lot still to be done in Iraq. And you'll be the lead organization. Is that correct?

CLINTON:

That's right, sir.

GRAHAM:

That is a major obligation...

CLINTON:

Yes, it is.

GRAHAM:

... probably never undertaken in the history of the State Department. What would it take for you to safely and effectively do your job? Are you going to have to build a State Department army to provide security? How do you get around? And if the Iraqis ask for some American troops at their request to stay behind to provide force protection, training, intelligence gathering, logistical support, would you believe it would be wise for us to agree to some level of troop presence in 2012?

CLINTON:

Well, Senator, first, let me say it is unprecedented. We have been planning as a State Department since the Bush administration. There was not only a SOFA signed, but also a strategic framework agreement signed. And in that, in the Bush administration, we agreed with the Iraqi government that we would provide a significant presence, we would continue to provide support for police training and other functions.

GRAHAM:

Are you worried about the safety of your people if you don't...

CLINTON:

Yes, sir. Yes, sir, we are worried.

GRAHAM:

I am, too.

(CROSSTALK)

GRAHAM:

How many people would you envision being in Iraq to do the jobs that you'll be tasked to do?

CLINTON:

I think we're looking at thousands.

GRAHAM:

I mean, like, over 10,000?

CLINTON:

Over 10,000.

GRAHAM:

We've got to realize as a committee we're going to have 10,000 American citizens, all civilians, trying to do business in Iraq all over the place with no troops.

CLINTON:

Well, in fact, we -- we have a total of about 17,000 civilians. And the great proportion of those will be private security contractors.

GRAHAM:

And that is basically a private army replacing the American military. So I'd like us to think long and hard as a nation, does that make sense? You being in the lead makes perfect sense.

Now, let's move quickly to Afghanistan in 42 seconds. You're negotiating a strategic framework agreement with the Afghan government. Is that correct?

CLINTON:

We call it a strategic partnership dialogue, but that's what it is.

GRAHAM:

OK. And the surge of military forces has an equivalent civilian surge. Is that correct?

CLINTON:

Yes, sir.

GRAHAM:

And General Petraeus has told me, you, and everyone else he cannot win the fight in Afghanistan without you, USAID, Department of Agriculture, Department of Justice. Is that correct?

CLINTON:

That's right.

GRAHAM:

Now, do you think it would be wise for this country if the Afghans made a request as part of this negotiation to have joint basing past 2014, where they request our presence, where there would be a joint basing arrangement with American airpower and special forces capability to ensure that we maintain the gains that we've fought so hard as a signal to the region that America is not leaving this place in a helpless situation? What would be your view of such a request?

CLINTON:

Well, Senator, it's not only the United States, but NATO at the Lisbon summit made a commitment that we will be supportive of the Afghans after 2014 when our combat mission ends. There are many ways to achieve that. We have ruled out permanent American bases. But there can be other ways where we provide support for the Afghans.

Just as you referenced with the Iraqis, they have not asked us for anything, but they have huge gaps in their capacity, and they are in a very dangerous neighborhood, so they may well come to ask. But that's a very different situation, because then we have fulfilled our obligations, our combat troops have done their duty -- some to the greatest possible sacrifice -- and now it is a nation asking for United States' continuing support. And that will be up to this Congress and this administration to evaluate.

LEAHY:

Senator Brown?

BROWN:

Thank you, Mr. Chairman.

LEAHY:

And then we'll go to Senator Kirk. I'm going back and forth in the order that the senators arrived.

BROWN:

Thank you, Mr. Chairman.

And, Madam Secretary, welcome. Nice to see you. I want to talk about labor rights. The Obama administration announced that the U.S. would use the labor chapter of the Central American Free Trade Agreement, which as you remember passed the House in a late-night vote by only one or two votes, passed the Senate a bit more comfortably. Many were concerned about already violations of labor laws and other reasons -- other -- other reservations some had about the Central American Free Trade Agreement.

To its credit, the Obama administration -- in fact, the State Department, working with the Labor Department, have -- have approached Guatemala on enforcement of this. For six months since the formal consultations with Guatemala began, the government has not -- the government of Guatemala has not taken steps to remedy its failures to enforce labor laws. The complaint remains unresolved.

Is the administration proceeding to some kind of arbitration with Guatemala?

CLINTON:

Well, I informed the foreign minister in our last meeting, last month, that we were going to have to pursue our remedies, because they have failed to respond in a satisfactory way.

BROWN:

Does that mean that -- putting aside Guatemala for a moment -- does that mean that our trade agreements, labor laws are not as -- either as strong or as enforceable as they might be?

CLINTON:

No. I think that -- that may be true in some cases, not in other cases, but certainly we have been trying to work with the government of Guatemala to resolve this matter short of mediation, short of trying to use the remedies that are available to us. And we have not been satisfied, so we are looking at going to the next step.

BROWN:

Again, putting aside Guatemala, are there efforts with -- in conjunction with the Department of Labor for the two -- those two arms of the U.S. government to -- to look at all of these trade laws that we have passed here, understanding that the reluctance of many of us to vote for -- for trade agreements is based on environmental issues in some cases, shift of power to private corporations away from democratically elected governments, but also labor law itself.

Are there -- are there sort of ongoing efforts by State and by Labor to look at potential labor law violations with whether it's a bilateral or multilateral trading partners through FTAs?

CLINTON:

Yes. And I think this is a very important issue that often doesn't get enough attention in a strategic context. And by that, I mean, in and of itself, the abuse of human beings in labor situations, child labor, other kinds of conditions that are just not acceptable need to be addressed, and we have to get smarter about that, not only in what we do, but internationally.

But also, you know, if you looked at what happened in Tunisia -- and to some extent what happened in Egypt -- the secular opposition is coming out of the trade union movement. In Tunisia, the best organized group, other than what is clearly going to be a well organized Islamic political presence, will be trade unions. In Egypt, the best organized group, other than the Muslim Brotherhood, are trade unions.

We supported trade unions in Poland. That's how we got Solidarity. We have supported trade unions in other areas. But then we stopped doing it as a country. And I think we've got to be smart strategically about, what are the levers that can best be employed to help create indigenous organized centers of power and influence that are not going to be prey to ideology and radicalism?

And I think that, going back to what we did in the '70s and the '80s in supporting trade unions in a lot of these emerging democracies, is very much in our interests.

BROWN:

You might say it's also happening in Madison and Columbus and Trenton. But that would be a whole other issue. Let me shift to...

(CROSSTALK)

BROWN:

Yeah, let me shift to something else, something that -- that Chairman Leahy has been so very involved in, and that is -- and -- and Senator Durbin, and that is infectious disease in the developing world. There's a new -- a new diagnostic tool called GeneXpert, which can detect drug resistance, identifying tuberculosis and people living with HIV/AIDS. Most people that die of HIV/AIDS, I believe most people, well over 50 percent in the developing world, are actually dying from something like tuberculosis, often a drug-resistant tuberculosis.

These -- this GeneXpert can deliver results in about 90 minutes, all clear advantages over the standard microscope method, which was developed literally 100 years ago. I mean, we haven't had that much -- except for some -- you know, some of the antibiotics, haven't had that much progress in TB. Fulfilling the administration's \$4 billion pledge to the Global Fund will be critical to financing the rollout of this diagnostic.

Talk to us just for a moment, if you would, how the administration would use its resources to capitalize on the opportunities for this new diagnostic for TB.

CLINTON:

Well, that's the kind of opportunity that we need to be seizing. But unfortunately, Senator, under the F.Y. '11 spending bill moving through the House, critical global health programs are going to be cut dramatically. And it's going to jeopardize the progress we are making in all kinds of ways.

For example, 5 million children and family members are going to be denied treatment for malaria, and 3,500 mothers and more than 400,000 children under five are going to be losing the opportunity for child survival interventions. And when you talk about infectious disease, we've got more than 16 million people are going to be denied treatment for tropical diseases, 43,000 children and family will die from tuberculosis because they'll be denied treatment, and 18.8 million fewer polio vaccinations and 26.3 million fewer measles vaccinations would occur.

And that's just on our best estimate about what will happen if the 16 percent cut to our budget that's in the -- the House -- the House proposal goes forward. So when you talk about what we should be doing to get ahead of disease, we're going to be so far behind instead of what we've done over the last two years to establish a strong platform that is really going to strengthen our response.

And, you know, investing in the GeneXpert program, investing in some of the breakthroughs in stopping the transmission of HIV/AIDS, all of that's going to be very difficult for us to fund.

BROWN:

On a similar health issue -- and I understand my time's expired -- cuts to family -- international family planning I assume will result in more maternal deaths, more abortions, more unintended pregnancies, more all kinds of afflictions in the developing world, correct?

CLINTON:

That is certainly my belief. And I think that is backed up by significant experience and evidence.

BROWN:

Thank you.

Thank you, Mr. Chairman.

LEAHY:

Thank you.

And I know Senator Graham talked about the Keystone oil sands project, and you also have a letter from several senators -- I'm one of them -- on that.

Senator Kirk?

KIRK:

Thank you, Mr. Chairman.

Mr. Chairman, I'm just 60 days new to the Senate and to this committee, but I first worked on my first foreign ops bill 27 years ago as a staffer. And I think I've known Tim Reeser (ph) for 20 of those years now, so I feel very happy to -- to be here finally on the other side, after having been on the House Foreign Ops Committee.

I wanted to raise two issues with you, first with regard to Iran. Under your husband's administration, we passed the Iran Sanctions Act. That was way back in 1996. The Congress then enhanced that in July of 2010.

The Government Accountability Office has identified 41 companies that are potentially in violation of one or both of those statutes. CRS reports 29 such companies in probable violation. In December, Undersecretary Burns told the House that we have launched a formal investigation of these companies.

But as yet, the State Department has only designated one entity, a Swiss-Iranian entity called NICO, as in violation of the Iran Sanctions Act and then the 2010 legislation. Question: How many companies do you have currently under investigation now at the State Department for violating one or both of these statutes?

CLINTON:

Well, Senator, first, let me say that I was the first secretary of state to impose sanctions. You're right. They were passed in the '90s, and nobody imposed sanctions until I did. And we are actively considering a number of other companies.

I think we've commenced investigations across the board. I will provide you with that information. Some of it is classified. Some of it is not. But I'd rather give you a full answer in a classified setting or classified document.

KIRK:

Thank you. I appreciate that very much.

A second topic in the news recently and a great concern to me for a long time is expanding piracy in the Indian Ocean. This is a map showing their range in 2008, in 2009, and 2010. Obviously, with the -- the murder of four Americans now, it's a front-page in the news.

We have deployed significant naval forces there under Task Force 151. But it would appear -- and my read of the administration is, you and others think that we may have crossed a dividing line or a turning point. I would say that, if we can't be tough on pirates on the open seas, we can't be tough on almost anything.

The second Washington administration committed upwards of 10 percent of all federal revenue to paying off the Barbary pirates.

CLINTON:

Mm-hmm.

KIRK:

President Jefferson finally decided it was too expensive and too dangerous and authorized the very small U.S. Navy in its first mission to take on the Barbary pirates, which required close quarter action and led to a hero named Stephen Decatur, of which Decatur, Illinois, is named after.

It would appear that up close and personal combat on the high seas is necessary by the United States to suppress this. I would just point out, the main ports, especially of Agarsa (ph) then Hobyo, seem to be where they're operating. It would make sense for us to station the U.S. naval vessel, say, 12.1 miles off the coast of Hobyo and basically attack and sink anything coming out farther than that.

How are we on crossing this divide and now basically recovering our Jeffersonian tradition of getting active with the pirate trade?

CLINTON:

Well, Senator, I look forward to working with you on this, because I share your outrage. And it is a matter of great concern to me, with the deaths of the four Americans on the Quest. We have put together an international coalition, but, frankly, we're just not, in my view, getting enough out of it.

So we're looking at a lot of different options. I've tasked the State Department to come up with a much more comprehensive approach. We're working with the Department of Defense. And I would make three points.

One, one of our big problems is that a lot of the major shipping companies in the world think it's the price of doing business. And they're not pressuring their governments. They're not particularly concerned. They pay a ransom, and they just go on their merry way. That has been a huge problem.

Secondly, the -- the naval ships that have been involved from, I think, now -- you know, something like more than 20 nations, just have not been willing to really put themselves out. They're happy to patrol, and they're happy to say they are, and then kind of count themselves as part of the coalition against piracy. But when push comes to shove, they're not really producing.

KIRK:

Right.

CLINTON:

And, third, it's hard to imagine that we're going to be able to resolve this until we go after their land-based ports. So I will be happy to get back to you with the results of our efforts. But, you know, you're right. I mean, from the shores of Tripoli, I mean, we were talking about this at the dawn of our -- of the American government. And here we are, back with 21st century piracy. And I'm just fed up with it, and we need to do more, and we need to make it clearer that the entire world had better get behind whatever we do and get this scourge resolved.

KIRK:

I read from the tea leaves -- I think you are very forward-leaning in the administration on this. And I -- I want to encourage you. I think that's great. And I do think military action -- not necessarily boots on the ground, but military action...

CLINTON:

No, not boots on the ground.

KIRK:

Right, but military action -- once they come on the high seas, they're on our territory. We have overwhelming military advantage. Since Somalia doesn't have a -- much, if any kind of maritime trade, anybody more than 12 miles off the coast moving out into the Indian Ocean, basically, I think is subject to attack and sinking by international...

(CROSSTALK)

CLINTON:

Well, they also have these motherships. So even if they're small fishing vessels, that's one thing. But they're now launching their attacks off of these so-called motherships. So I think there's ways to make distinctions.

KIRK:

Yeah. And the standard procedure would be just to put a round into the rudder of the ship. At that point, they run out of food and water, but it's too bad that they made this expense (ph).

One last thing, then, since I have time. I'm concerned about, in an age of budgetary constraint, to continue your momentum in expanding the U.S. diplomatic footprint in China. We don't have a domestic terrorism threat in China. And so expanding a U.S. diplomat in a non-classified environment with basically an office key and a door lock, I think, is entirely appropriate.

And what U.S. exporters tell me is, they follow the flag. So, for example, we have a very expensive new consulate at Wuhan that was established. But all those Inman security standards, et cetera, generate extraordinary cost.

And since we have, you know, over 100 cities in China of very large size, just putting one or two diplomats behind a regular office door I think is an acceptable level of risk and has tremendous upside for exports of the United States.

Is there any way to have you, kind of, conquer the security god and -- and move this forward? Because I actually -- I don't think we have any kind of terrorism danger in central China, but this would have a huge upside for U.S. exporters.

CLINTON:

You know, Senator, one of the major issues that I raised in the QDDR was risk management.

KIRK:

Right.

CLINTON:

We -- we have gone so far onto the side of trying to think of every possible risk and then protect against it that I do think it can hobble us. And so I will take a close look at what more we can do in China, because China is, as you know, very aggressive diplomatically all over the world. They are increasing their diplomatic footprint everywhere. And we've got to be competitive, including within China.

KIRK:

That's right.

Mr. Chairman, I just think this is a possibility, because it's one of the few countries where we don't have a domestic terror threat against U.S. diplomats. And so lower-cost office solutions may be the way to expand the footprint at low cost to this budget.

Thank you, Mr. Chairman.

LEAHY:

Thank you. Something that I've been saying for years, so obviously I'm agreeing.

Senator Mikulski?

MIKULSKI:

Madam Secretary, it's just wonderful to see you back in the United States Senate. And like all of our colleagues, we welcome you.

My gosh, 79 countries, 465,000 miles, I mean, that's a lot of travel to advance America's interests. But it is not only the time you spent, the miles you travel, and the energy you put into it, but the results that you've demonstrated. We're very proud of you as America's top diplomat and the way you've represented the United States of America, the great way you've negotiated very important breakthroughs, whether it's to help with the new NATO construct or continue the momentum in the Middle East with the Palestine -- Palestinians and the Israelis, and not forgetting the poor and the dispossessed and the women and children. So we want to thank you.

But as the CEO of the State Department, I'd also like to salute the men and women who work for you and, therefore, work for the United States of America, our people in foreign service and our people who work for AID, often not as valued, not as treasured, but out there in the front lines.

And in saluting them, I want to talk about the consequences of the C.R., not only to our diplomatic issues, to the advancement of soft power that wins the results where we've expended hard power, but could you tell me -- as we look at the C.R. and the consequences of the C.R. and the consequences of H.R. 1, first of all, what is the impact on the morale of the State Department, knowing that they face shutdowns, know that they face draconian cuts, and yet at the same time they're serving in harm's way, along with our most valued military? How is the morale there?

CLINTON:

Well, Senator, thank you for your concern. You know, I think morale is very high. It's been high because we have worked to try to support our diplomats and our development experts, both foreign service and civil service, as well as the thousands of locally engaged staff that we employ.

And I think that there is a great sense of mission about what people are doing. They know, you know, for example, in Senator Coats' old stomping ground of the embassy in Germany, we cut the public affairs budget in Germany, and the ambassador there, Ambassador Murphy, worked with us, even though it meant that he wasn't going to have all the people and the resources, because we had to move that to the Middle East, we had to move that to other parts of the world where the need was so much greater.

And we've had a terrific sense of cooperation. We've had so many people who have served in Iraq and Afghanistan. When I took over, there were 300 civilians in Afghanistan, and they were on six-month rotations. And now there are 1,100, and they're there, you know, really doing the work that needs to be done.

But at the end of the day, you know, budgets are about values, they're about priorities. And if it appears as though non-defense discretionary means that the Defense Department keeps getting what they need to fulfill their mission for America and we've been running as hard as we can to be the partners that our military wants from us, and we don't get that kind of support, well, obviously, that's going to send a very loud message that, you know what, after all, we were just kidding. We're handing Iraq off to you. Just figure out how to do it. We don't have the money for you. Just get out there and make it work.

I mean, it just doesn't add up. So, of course, there's going to be a lot of concerns, but this is a really motivated team we have right now.

MIKULSKI:

Well, I really appreciate the fact that they're motivated, but they also have to be compensated, and that has to be recognized. I would hope that those on this committee and those in the United States Senate would recognize, if we do fence off in our budget deliberations security people, that we need to look at the State Department and as people who are particularly serving abroad.

But could you tell me the consequences of H.R. 1 on national imperatives? On page five of your testimony, I was indeed struck by the fact, as you've shared with House colleagues, the concern that this could dramatically impact on Iraq, Afghan and Pakistan. Could you share with us what that would mean?

CLINTON:

Yes, Senator, thank you.

MIKULSKI:

We talked about the impact on the Global Health Initiatives...

CLINTON:

Right, right.

MIKULSKI:

... with Senator Sherrod Brown's questions.

CLINTON:

Right. Well, half of the State-USAID budget increase from F.Y. 2008 base appropriations has funded the military-to-civilian transition in Iraq, the civilian surge in Afghanistan and the expanded support of our efforts to fight terrorism in Pakistan. Significant cuts to the budget could profoundly compromise ongoing and critical efforts in those front-line states.

In the Middle East, proposed cuts would force us to scale back help and undercut our influence at a particularly crucial time. We would be also cutting back on what I think is an important part of our economic efforts to create

jobs with the people that literally are out there every day trying to, you know, fight the Chinese or fight the Europeans to make the sale for an American business located back here at home.

Peacekeeping in critical areas, where we help to fund what is done in Darfur, Congo, and many other places, we have so many issues that we now see as directly related to our national security that would be severely impacted and, I would argue, derailed by the size of the cut in the House-passed budget.

MIKULSKI:

That's pretty powerful. And we've also heard -- in fact, it's very powerful -- Baltimore is the home to iconic international agencies that serve the world, from Catholic Relief Agency, serving the poor and the dispossessed all over the world, but particularly in Central and Latin America, the Johns Hopkins School of Public Health, delivering global health services and training leaders to be there, and they, too, express concern about this.

But I'd like to shift gears a minute to the Twitter revolution that's going on in the world and to places like Egypt, et cetera. The role of social media has been, indeed, stunning, from a fruit -- a fruit grower burning -- you know, setting himself on fire in Tunisia to the fall -- possible fall of Gadhafi that's imminent, and the kinds of questions that Senator Graham was raising, is so powerful, and we would have never predicted it.

Now, tell me -- the State Department has a role in winning hearts and minds, being up on the latest and greatest media and so on. What role do you see where, one, you knew what was going on? And, second, how do you see staying in touch with the young people of these regions that obviously are yearning -- have aspirations that are not jihad aspirations? They're economic and democratic, small-d, aspirations.

CLINTON:

You're absolutely right, Senator. The evidence is overwhelming that it is economic concerns that is driving so much of what we're seeing. You know, university graduates who had to work as a vegetable seller and then was harassed by corrupt police looking for a bribe, a Google employee who was fed up because a young blogger was pulled out of a cafe and beaten to death by security forces in Alexandria.

So time and time again, we see how security and economic opportunity really collide. And it's being played out in real time in Twitter, Facebook, and other social media.

I started shortly becoming secretary of state, a kind of little mini-think-tank inside the State Department to see how we were going to play. And going back to Senator Graham's question, one of the first things we actually were able to do was, during the demonstrations after the Iranian election, when the Iranian government tried to shut down social media, these young people were able to help keep it open, even including, you know, calling and trying to make sure that -- that the companies doing it understood the importance of that communication network.

So fast-forward, we now have a Twitter site in Arabic, a Twitter site in Farsi. I am putting a lot of our young diplomats who speak Arabic out on every media you can think of. I did a web chat with an Egyptian website on two days' notice. They went out into Tahrir Square. They gathered 7,000 questions for me. I mean, we are really trying to play in that arena as best we can.

And I would only add this, because I'm passionate about it. You know, the United States did an amazing job during the Cold War. We sent our -- our values, our culture, our inspiration across the Iron Curtain through Voice of America, Radio Free This, I mean, we were on the front lines. The Berlin Wall falls, you know, we kind of said, OK, fine, we're done with that.

We are in an information war. And we cannot assume that this huge youth bulge that exists not just in the Middle East, but in so many parts of the world really knows much about us. I mean, we think they know us and reject us; I would argue they really don't know very much about who we are. They don't have the memory of World War II and the Cold War and, you know, Jack Kennedy and all -- they don't have any of that context.

And what we send out through our commercial media is often not very helpful to America's story. I said this morning before the Senate Foreign Relations Committee that I remember early in -- right after the Afghan war started meeting an Afghan general who said he was so surprised, because all he knew about America was that, you know, men were wrestlers and women wore bikinis, because all he ever saw on American -- from American television was Worldwide Wrestling and -- what's that -- "Baywatch." That was it.

So we do have -- we have a great cultural export, but we're not competing in the way we need to compete in the information values arena. Al Jazeera is. The Chinese have opened up a global English network and a network in other languages. Russia has opened up a global English network. We are missing in action.

You know, we kind of figure, OK, well, you know, our private sector, we spend gazillions of dollars, and we pump out all of our networks around into hotel rooms around the world. The fact is, most people still get their news from TV and radio. So while we're being active in online, we have -- new media, we have to be active in the old media, as well.

And I talked with Senator Lugar this morning about our Broadcasting Board of Governors. Walter Isaacson's the new chair. He's really committed to this. But I want -- I would really welcome this committee's attention, because why are Americans watching Al Jazeera? Because we don't have anything to compete with it. So they're turning to Al Jazeera.

LEAHY:

We'll go...

CLINTON:

And so let's try to figure out how we're going to win the information war.

LEAHY:

Thank you.

We'll go next to Senator Coats and then to Senator Lautenberg.

COATS:

Thank you, Mr. Chairman.

Madam Secretary, I just want to associate with -- what my colleagues have said about your extraordinary commitment to a world which has wildfires all over the place. It's just not just one or two things you have to stay engaged in, and your commitment to that and perseverance is remarkable. I'm not sure how one person can possibly do all that you've done and are doing, but we commend you for it.

And I -- what's happening in the Middle East, I think, is -- has all of us raising questions about something I guess we didn't think we would see in our lifetime. I remember growing up thinking, well, the -- the wall will never come down, we'll always be dealing with the Cold War. We've seen extraordinary change that took place then.

In that regard, we -- I think in some cases saw it coming, anticipated not the wall collapse necessarily, but a change taking place, where we could help foster the growth of democracy. And there are bumps in the road, and it was not easy, but we engaged there.

Now we have a whole new situation in the Middle East that is not dissimilar to the fact that countries under despotic leadership are suddenly given the opportunity or trying to seize the opportunity of providing for a more democratic situation in terms of governorship and so forth.

But the question is, back then, we were not in the financial situation domestically that we are now. And so the question is, how do we engage in doing the things that we've been talking about here, now, with what potentially could be tremendous opportunity? I mean, it's easy to look at the negative side of this, what's happening, and say, "Woe is us," and, "What's going to happen?" There's also a potential great upside to all this.

So the question is, at a time of limited resources, how do we begin to address some of the kinds of engagement that can help promote a more peaceful, stable, democratic type of Middle East?

The question I have is relates to the amount of flexibility that you have or might need to have and also the ability to say -- move funds from certain buckets, you know, sort of a surge capacity.

You know, and as I look -- as I look at the various programs that we have in place, all of which, you know, provide important support, I'm just wondering if it wouldn't be possible -- because I think the budget was developed before much of what's happened in the Middle East took place -- if it wouldn't be possible to try to steal from Peter to pay Paul, I guess, in some of the programs that are currently in the budget, for instance, the educational exchange, the Millennium Challenge Account, the assistance for Europe, Eurasia, the Central Asia account, the USAID development and so forth.

Would it make some sense to look to see where we might be able to ratchet down or get some savings out of that to transfer into some type of a coordinated effort now in the Middle East? And if that's the case, what would it take from us to help you be able to do that?

CLINTON:

Well, Senator, I appreciate that, because we have started that. We have tried to cut back in areas, particularly in Europe and Eurasia, where we think we have the ability to do so. I'm always a little reluctant, because -- you know, I'll say this today, and then tomorrow there will be some crisis in the Caucasus, and people will say, "Well, why weren't you paying attention to that?" So it's -- it's a dilemma.

We have tried to keep our base budget, you know, as flat as possible. And in it is the way we run all of the department.

Now, some of what we generate in the department -- about \$700 million on passport fees and the like -- goes right into the treasury. So we perform the services. We keep having higher demand in areas that we have to meet for the American people, because your constituents won't like it if we say, well, wait a minute, you have to wait on your passport, because we're shifting money into the Middle East.

So we've got to take -- we've got to be constantly asking ourselves those questions. But I think we'll have the opportunity to really engage in this over the next weeks, because I know that the Senate is facing a difficult set of

decisions. My only plea is, you know, let's not take a cleaver to it. Let's try to be as surgical as possible in figuring out what is really in America's national security interests, how we prioritize.

And I agree with you that the region from, you know, Morocco to Bahrain is in a transformational period of change. We have a lot at stake in what happens there. And we particularly want to be influential in whatever transition occurs in Tunisia and Egypt, but we've got to keep our eye on all the other moving parts, too, because we have energy needs, for example. We have Iran trying to fill the void with their narrative.

So I think this is an area of great peril, but great potential. And I will certainly try to work with the committee to figure out how we can meet the needs there, but I also have a responsibility to make sure that while we're focused there, we're not leaving Sudan to crumble and to becoming a huge Somalia.

So, I mean, it's a constant evaluation. But we'll certainly work closely with this committee to try to get to the best possible outcome.

COATS:

I assume some of our allies have come to the same conclusion, that it's in their interest both from an energy standpoint, an immigration standpoint, social, economic standpoint, political standpoint to be engaged. What kind of communications have you had with our friends in Germany, Italy, France, and other countries that we'll want to, hopefully in some kind of coordinated effort, engage in this kind of thing?

CLINTON:

That's exactly what we're trying to do. On Monday, I met with the four foreign ministers from Great Britain, France, Germany, and Italy. I met with the high representative for the European Union. I met with the Russians, the Turks, just a lot of people, but particularly with our European allies to talk about how we're going to coordinate so we don't duplicate, so that we have a much better sense of how we're going to deliver on what the people of these countries are seeking.

I would point out -- because I thought it was very significant -- you know, the Conservatives in Great Britain have gone through a very brutal budget-cutting effort, as you know. However, they increased their commitment to foreign aid. And they did so because Prime Minister Cameron said, this is how we demonstrate we're involved, we're leading, we're out there. And I thought it was an interesting decision on his part, because he said he thought it was a way of making sure Britain still had the ability to lead.

So while we coordinate, you know, they're all facing their own challenges, some of them are making the decision that this is a high enough priority that it should go ahead of even domestic priorities.

COATS:

Thank you, Mr. Chairman.

Thank you, Madam Secretary.

LEAHY:

Thank you, Senator Coats, Ambassador Coats. And welcome to the committee, too.

Senator Lautenberg?

LAUTENBERG:

Thanks very much, Mr. Chairman.

Greeting, Madam Secretary. And I must tell you that, as we listen to your response to the multiplicity of questions that you have to deal with, that you're as good upfront as you are on all of the fronts of the world. And it's been terrific to see your energy and your vitality, taking you to places and -- as I said when you were here for a moment -- you don't even look tired, which is amazing. And I don't know whether or not you will outrank all preceding -- the secretaries of state for frequent flyer mileage, but I think you're quickly approaching that point.

And we're so grateful for the excellent, excellent service that you've rendered the country and the world. And we want you to continue.

Madam Secretary, thank you for the reminder that things done through diplomatic channels might substitute for, in some cases, military action, and that's a very important reminder, that we can save lots of lives, lots of grief, and lots of money in the process, if we can do that. So we thank you for that.

Now, we -- we've seen that there may be new evidence that Gadhafi himself ordered the Pan Am 103 bombing. And you mentioned the number of people that perished. And we had a large number, also, in New Jersey.

And -- and the former justice minister for Libya told a newspaper last week (inaudible) and he said, and I quote, "I have proof that Gadhafi gave the order about Lockerbie." And I'm pleased that you said yesterday that the Justice Department would look into this matter.

Now, is it possible that Moammar Gadhafi could be tried for murder, if captured? And would -- would that be something that we could pursue? We said that al-Megrahi was the perpetrator, but he got instructions from the top.

CLINTON:

Well, Senator, I share your deep feelings about the bombing of Pan Am 103, because we both shared constituents who were so deeply and tragically affected by that. And I think justice must be served.

The United States was very adamantly opposed to the release of Megrahi. And we have a pending investigation in the United States district court in the District of Columbia of the bombing of Pan Am Flight 103. So we have reached out to our colleagues in the FBI and the Department of Justice, because they have the lead, as you know, in this, but urging them to evaluate any and all information for its potential use as evidence in the further investigation of this case.

Now, I think that anyone who might have been connected -- because I don't think it would have been just him. I think there are others around him who might also have had -- had knowledge or even participated in the order -- should be pursued.

And in the Security Council resolution, we made a referral to the International Criminal Court, but this is a separate American investigation, so I think that both should go on simultaneously.

LAUTENBERG:

I wonder whether there is a point in time or a point in action when the debate over the no-fly zone and its complications might be accelerated, is -- if they continue with their murderous attack on the civilians using aircraft, would there be any acceleration of pace that might say, hey, enough of that, and we're going to stop it in its tracks?

CLINTON:

Well, I think all of us want to see an end to the killing. There are -- there are a lot of complications. One of them is that, in the Security Council resolution that was passed, there was no authorization for military action. The Arab League put out a statement this morning saying that they strongly opposed foreign military intervention.

So in addition to the logistical challenges that are posed to our or any military, there are very strong political expressions of opposition. And I think it's important that the United States not be seen as some radical websites are trying to portray us, that whatever we did in a military capacity was not for the people of Libya, but for oil. I mean, we cannot afford for that to even be a narrative out there.

So this is -- this is complicated from every perspective. But NATO, under Secretary General Rasmussen, is looking into what might be done through NATO. Our Defense Department is looking into what might be done through the Defense Department.

My immediate concern right now is that we do everything possible to support the humanitarian mission. I want to see American planes and American ships that are bringing food and supplies and, you know, ferrying Egyptians back into Egypt, I want us to be seen as really actively supporting the humanitarian needs. And I think it's going to take a lot more consideration before there will be any judgment about anything approaching military action.

You know, General Mattis, CENTCOM commander, testified -- I don't know if you were there, Senator -- at the Armed Services Committee yesterday. And he basically said, you know, first, you have to take all the airfields. There were both pros and cons of our no-fly zone in Iraq for years.

So I don't want to substitute certainly, you know, my judgment for our professional military's assessment. I want to focus on what I can do, which is the humanitarian mission. And I think having military assets support us is a really strong message about who we are as a people.

LAUTENBERG:

I want to last ask one thing. And I applaud President Obama's rescission on the Mexico City policy, known as the global gag rule. And the House's F.Y. 2011 C.R. would bring back this damaging policy. What kind of an impact would that have on the reinstatement, if we did it, on the global gag rule on maternal mortality and women's health across the world?

CLINTON:

Well, I believe strongly it would be detrimental to women's health around the world. I think that, you know, what we have tried to do is to follow the law and making clear that we do not support abortion, but that we do support family planning and we do support providing quality care to women.

You know, this is a passion of mine, Senator, because there are still too many places in this world where women are treated not just as second-class citizens, but hardly human beings. And we have to support women's health and women's empowerment and, you know, give women a voice in their own lives which actually is one of the best tools we have to try to move societies to become more democratic.

So we're going to -- the administration is committed to ensuring that our agencies, international organizations, and NGOs have the ability to develop and deliver long-range women's health programs, including reproductive health programs.

LAUTENBERG:

Thank you very much, Madam Secretary.

Thanks, Mr. Chairman.

LEAHY:

Thank you. Thank you, Senator Lautenberg.

Senator Johnson, another new member of the committee, welcome, and please go ahead, sir.

JOHNSON:

Thank you, Mr. Chairman. Thank you for your warm welcome and -- and that of Senator Graham.

Madam Secretary, it was nice to meet you.

CLINTON:

Thank you.

JOHNSON:

I'd also like to thank you for your hard work and efforts. I think it's obviously not gone unnoticed.

I'd like to start out just by asking your evaluation of the strength and the intentions of the Muslim Brotherhood in Egypt.

CLINTON:

Senator, this is a continuing assessment on our part, because there is no doubt that for years the organization was opposed to President Mubarak and was also promoting an effort to impose Islamic law on Egypt. There are those who claim now that they are prepared to participate in a democratic system, which means that they would have to compromise, which means that they would have to respect the institutions and, in particular, respect the rights of minorities and women, including the Coptic Christians.

I think that our perspective has been that we think, as Egypt moves toward constitutional amendments and the laws necessary to set up political parties, that they must make absolutely clear that no political party can be committed to the overthrow of the government, can be unwilling to support an inclusive society, including Christians, women, and others. And it is going to be difficult to judge, until we actually see what happens.

But we have expressed a lot of cautions, and we'll continue to do so.

JOHNSON:

On a scale of 1 to 10, what's your level of concern about their ability to take over that government and turn it into an Islamic republic?

CLINTON:

Well, I think that the experience that the world remembers from Iran is a very sobering lesson. When that government came into being, it was claimed by the religious authorities that it would be a secular government. It proceeded to organize itself. It appointed ministers for finance and defense and everything else you have ministers for, and then the Ayatollah Khomeini appointed clerics to shadow each of the ministers. And within a year, it was a theological-based government, and now it's got this hybrid, where the real power lies with the clerics, but there's an elected -- so-called elected president.

Everyone is very concerned, especially in the region, and especially the people who were part of the movement to bring democracy to Egypt, similarly in Tunisia.

You know, Senator, we don't have control over a lot of what's going on, but I think we do have an obligation to work with those who we believe are committed to true democracy -- which is not just having an election and then calling it quits, but supporting the institutions of democracy, an independent judiciary, a free media, and everything else. And it's not clear to me whether a religiously based party will commit to that. And we're just going to have to wait and watch.

JOHNSON:

Fair enough. I totally agree with you about the power of information. And we talked about the Internet initiatives. And I'd like to have your evaluation in terms of the priority of our information initiative. I mean, what are the components that you want to most emphasize in that region of the world?

CLINTON:

You know, I've been consulting with the new chair of the board of the Broadcasting Board of Governors, which is our -- our governmental entity that's not in the State Department. It's connected to the State Department that runs our Voice of America, our Radio Free Europe, et cetera.

But I believe that we've got to take seriously recommendations that were made a year ago in an excellent report that Senator Lugar and his staff issued about where we're falling short as a nation, that we're not -- really not up-competing. I'll give you two quick examples, because I hope that you'd be interested in this. I'd love to work with you.

When I became secretary of state, I was appalled to learn that the Taliban owned the airwaves in Afghanistan and in the tribal areas in Pakistan. They had little, you know, FM radio transmitters on the back of motorcycles, and they were going around threatening everybody.

And, you know, the governments of Afghanistan and Pakistan and, frankly, the United States military and everybody else just kind of threw up their hands. And, you know, they'd shut down broadcasting after dark and -- you know, it made no sense to me. I mean, we're the most technologically advanced country in the world.

So slowly but surely, we've been trying to take back the airwaves in Afghanistan against Taliban, with the most primitive kind of communication equipment. Now, take that as one example where I don't think we were very competitive, and we have worked like crazy to change that.

And then go to the most extreme, where you've got a global -- a set of global networks that Al Jazeera has been the - the leader in, that are literally changing people's minds and attitudes. And like it or hate it, it is really effective.

And, in fact, viewership of Al Jazeera is going up in the United States because it's real news. You may not agree with it, but you feel like you're getting real news around the clock, instead of a million commercials and, you know, arguments between talking heads and the kind of stuff that we do on our news, which, you know, is not particularly informative to us, let alone foreigners.

Well, that's why I worry that the Chinese are starting a global network, the Russians are starting a global network, and, you know, we -- we have not really kept up with the times. So I would commend Senator Lugar's report to you, and I am ready, able and willing to do anything I can to support us getting in and leading this communications battle.

JOHNSON:

It's also important what information we convey. And there's a pretty interesting article in the Wall Street Journal by Donald Kochan -- I hope I'm pronouncing his name correctly -- talking about the Arabic book program. And his complaint -- I can typify it as a complaint -- was that we were translating books into Arabic, "Who Pays the Price? The Sociocultural Context of the Environmental Crisis," "The Joy Luck Club."

Are we -- are we going to concentrate on providing the types of information that will actually help them build democracies, actually help them build a strong economic system?

CLINTON:

You know, Senator, I believe -- and this may be -- I'm a child of the Cold War -- I believe our cultural exports properly presented are powerful incentives for democracy-building, because what it does is free people's minds.

You know, there's that famous book -- I think it's called "Reading Lolita in Tehran," where it's really subversive to read fiction and literature. I talk to a lot of the people who were behind the Iron Curtain, they told me our music kept their spirits up, our poetry. We used to do a lot in sending American artists around the world.

So I agree, teaching democracy is important, but how do you teach democracy? I don't think if you just lectured somebody that necessarily is the best way. But if you inculcate the aspiration of the human soul, where people want to be free, they want to think their own thoughts, as these young tech people in Tahrir Square did, you know, they were not -- they were living democracy by expressing themselves.

So I think we have to do both. I think we have to do a better job of getting America's message, our values across, and we have to do a better job in the nuts and bolts about, how do you put together a political party? How do you run an election? How do you put together a free and independent judiciary?

So I think it has to be both, in order to be really breaking through to people in ways -- especially young people today, who are in our own country sometimes hard to figure out how best to, you know, reach and touch and teach, I think it's true worldwide. We've got to be creative.

JOHNSON:

Thank you.

LEAHY:

Thank you.

Senator Blunt? Then Senator Hoeven.

BLUNT:

Thank you, Chairman.

And, Secretary Clinton, thank you...

LEAHY:

I would note the secretary has to leave by 4:00.

BLUNT:

I thought you were going to say by 3:45. I'm pleased that...

LEAHY:

Roy, I'd never do that to you.

(LAUGHTER)

BLUNT:

Well, Secretary, it's been an impressive hour-and-a-half. Thank you for your service. Thank you for your hard work all over the work for our country. And I thought -- my view is that the State Department has been generally leading by some days and at least by some hours and occasionally some days statements that need to be made about Egypt and Libya and other places. And I appreciate that.

I really -- this is probably not the right committee for this. And this is probably not the right question for you, so it's not a question as much as just go on the record.

I really don't agree that the no-fly effort in Libya should be that difficult. I know what the military is saying at this point, but I do remember after the first Desert Storm what happened in Iraq when we let Saddam get his helicopters in the air and get his airplanes in the air, and it was a tragedy and a travesty then. And whatever we could do out of the -- you know, the near bases in the Mediterranean or other places, I, frankly, think the threat of a no-fly zone, if we could put any group together that -- so it wouldn't be solely an American effort, a United States effort, is worth vigorously pursuing.

And tragedy is happening there now. And you're speaking up on it, and I appreciate that, but I would think we could do more.

The other thing I want to say -- I thought the veto in the U.N. last week was -- was a good thing to do. And I'm glad to see that we're doing that. At the same time, the U.N. just a few weeks ago said that the human rights situation in Libya was pretty good. Fortunately, yesterday they changed their minds and decided it wasn't so good.

A couple of appropriations questions here in an Appropriations hearing. One is, on your core budget request, how does the 2010 level compare with the 2008 level in the core budget?

CLINTON:

Let's see. That -- that -- let me -- let me turn to my -- my staff here. And...

BLUNT:

Actual appropriating questions are really surprising. I get that.

CLINTON:

Yeah, I know. That -- this is amazing, Senator.

(LAUGHTER)

I'll get that to you in a second, I promise.

BLUNT:

Well, the other question I'll ask after you get that answer is, how does the 2008 core budget -- not the -- I understand and am going to be pretty supportive of the extraordinary things that you're being asked to do now that would not normally be in the core.

But the second question I'd have is, how does the 2008 core compare to what the House did? Did they use your budget as a -- to get other budgets above 2008? Are you below 2008? So the question is, how does this budget compare...

CLINTON:

OK.

BLUNT:

... to the 2010 level...

CLINTON:

Core to core.

BLUNT:

... 2008? And then, how does that compare to what the House did? Does anybody have that there behind you? Could you give me those -- those answers?

CLINTON:

They will. They're looking at that little, tiny print. They'll get...

(CROSSTALK)

BLUNT:

All right. While they're looking, we'll come back to that. I think, on the Iran Sanctions Act, which I actually negotiated in the House and have complained both to the State Department under your leadership and under Secretary Rice's, that I didn't think we were aggressive enough. But my last letter on this was 2009, and hopefully we're -- I'm -- I know that the -- I think we've had one company now that we have taken specific action against, and I will continue to think we should be more aggressively using the tools we have there.

There was another thing that we did in 2008, which was the Iran Freedom Support Act. I know we've designated human rights abusers, but under the other part of that, the Freedom Support Act, no funds have ever been requested under that particular title. Do you have a sense of that, whether funds are coming from some other place in the State Department budget? Or maybe we're just not utilizing that because we don't think it's the time to do that, but...

CLINTON:

Yes, Senator, there's a lot of efforts going on. But I would like to be able to get back to you, because some of those matters are not in my bailiwick. They are in other agencies. So I'd like to pull it together for you and then present it to you.

BLUNT:

OK. So that question is, why has the administration -- I think that would come through State, but it might not be exactly something you're looking at every day, not requested the use of funds pursuant to the Iran Freedom Support Act. And the other would be, has it allocated any funds under the Middle East Partnership Initiative?

CLINTON:

Yes. In fact, that's one of our strongest programs, so called MEPI, which, you know, started in the -- the Bush administration, but we've continued it. And we think it's a very important tool. So we have a -- we have quite a bit of funding coming out for MEPI.

BLUNT:

And does it -- is it used in -- in Iran?

CLINTON:

No.

BLUNT:

OK. And so then my question then would be, what are we doing with Iran Freedom Support and why not? And now do we have the answer to the other questions, the actual appropriating questions?

CLINTON:

The fiscal year 2008 is a 36 percent reduction from the 2010 core budget, so 36 percent off of \$47 billion.

BLUNT:

So there was a 36 percent increase from '08 to '10.

CLINTON:

Right. Right. And...

BLUNT:

And how does that -- how much of a decrease from '10 was there then in the House-passed budget?

CLINTON:

Sixteen -- sixteen percent.

BLUNT:

Sixteen?

CLINTON:

Yes, sir.

BLUNT:

So the House still has the department quite a bit higher than it was in 2008 in its core functions.

CLINTON:

Well, they included the OCO functions, as well. So it's 16 percent off of everything. And that's -- that's been hard for us to figure out, because some of this was very specific language. I mean, whatever finally comes out of the Congress I hope does give us some flexibility and not try to go account by account, because what we have found in looking at what the House did, it would severely impact what we were doing in the OCO budget.

And, you know, part of what we've been doing since 2008, which Condi Rice started and which I then picked up, is to try to meet the needs that we saw around the world, because, from our perspective, the world is very different than it was in 2008. We have far more responsibilities.

But I think we owe you a kind of explanation of that, so that you can compare apples to apples, if you will.

BLUNT:

Well, I want to do that. And I want to compare apples to apples, because I really do want to be supportive of the extraordinary things you're being asked to do, particularly filling the gap as others leave Iraq. And it's easier for me to do that if I'm comfortable that we've really -- we have really divided those in a way we all understand, that, you know, some -- some things are going to have to happen in this spending picture. And so a core-to-core comparison would be helpful for me, and I will expect you to get that, and I'm glad you will.

And, again, thank you for your work. And thank you for your ability to talk about so many issues so well for a good, long period of time.

CLINTON:

Thank you very much, Senator.

LEAHY:

Thank you, Senator Blunt.

Senator Hoeven? And former governor -- and welcome to our committee.

HOEVEN:

Thank you, Mr. Chairman. I appreciate it.

Madam Secretary, thanks for being here. I know you've been on for almost two hours now...

CLINTON:

That's all right.

HOEVEN:

I know with the pace you've been going at, thanks so much for being here and for your work on behalf of our country. I want to follow up on a couple things that have been brought up.

The first one is, I think Senator Graham talked to you about the Keystone XL pipeline. We're very familiar with that. It goes through North Dakota. And, of course, we're a big oil-producing state. Now, we work a lot with Canada.

The Keystone pipeline actually comes down our eastern border and goes from the oil sands in Canada all the way down into Texas or Cushing. I'm not exactly sure, but the XL now is on our western border, actually just in the very eastern border of Montana. I understand you declined to comment at this point, but I just want to tell you, I think it is very good to be bringing down more oil from Canada for our country's needs.

Also, from North Dakota, we are building an on-ramp to that pipeline. So in addition to the heavy crude that comes from Canada, from the oil sands in Canada, light sweet crude from North Dakota will be put on that pipeline, as well. And we'll be producing more than 120 million barrels of oil this year. We're now the fourth-largest producer among the states. So that's a real opportunity, and I wanted to make sure you were aware of it. And, of course, appreciate your consideration.

On the siting, we will certainly work with you and be as helpful as we can in that process. And, again, we work a lot with our Canadian neighbors on energy issues.

On the no-fly zone, I want to add my support for that effort. I think a no-fly zone is something that we can and should do with our allies as expeditiously as we can. And being a governor for 10 years and seeing not only our Guard, but Reserves and active forces, they're amazing, and I know that they can -- they can do the job.

I'd like you to comment, if you would, given the budget constraints that we have, how can we do the best job possible in terms of managing our foreign aid in a way where we influence the outcomes, for example, in the Middle East, not only in terms of providing foreign aid, but in terms of withholding foreign aid to get people's attention?

How do we influence these events in the Middle East? And what do you see resulting in terms of the kinds of governments that we're going to see in Egypt and Tunisia and Libya and Yemen and all these places?

And I want to ask one more, because then I'm going to just let you go, so I don't use up a lot more of my time, talk a little bit about Iran's nuclear ambitions and how that plays into this equation, too, if you would.

CLINTON:

Well, Senator, first, I appreciate the contributions that North Dakota is going to make to our energy needs. I wasn't aware of that, so I appreciate being informed.

I think we are trying very hard to utilize our foreign aid in a positive behavior influencing way. And every country's different, to be obvious about it. The Tunisians are anxious for our help. They -- I met with the Tunisian foreign affairs secretary when I was in Geneva. They remember that the United States stood for their independence back in the 1960s. They'd like to see us involved in helping them.

Tunisia's never been a country that we've paid maybe enough attention to, but it's a small country. It has a chance to really make it as a democracy, if it gets the right help.

Egypt is very sensitive about getting foreign aid. They don't want foreign aid. They want economic aid, and they draw a distinction there. And so as we deal with our Egyptian counterparts, we have to be very sensitive to their

belief that they've been around, you know, 7,000 years and they can do this pretty much on their own. And so part of what we have to do is figure out how best to work with them.

In a country like Yemen, it is a very unsettled situation. It is a country with many different forces at work, and there's secessionist movements in both the north and the south. Al Qaida in the Arabian Peninsula is headquartered there. It's a very poor country.

You know, right now, it's not at all clear what's going to happen to President Saleh and his ruling party. So we are watching and trying to do as much as we can to influence what he does and what the opposition does in order to glide to a better outcome.

But I think it is also important to stress that one of the reasons why we're so adamant about Iran not getting nuclear weapons is because we don't want them to be able to intimidate their neighbors, to be able to influence their neighbors, to, you know, threaten their neighbors by their being a nuclear-armed country.

Imagine what we would be facing if Libya had not given up its nuclear weapons in 2003. That was a long negotiation. It was a successful negotiation. I personally worked to get the last highly enriched uranium out of Libya. But imagine where we'd be if this regime had nuclear weapons.

So similarly with North Korea, with Iran, we never take our eye off that ball, because that is so important to what we're trying to achieve. And Iran is -- even though Iran has no relations with the opposition and in some cases are in an adversary relationship with Sunni Muslim Brotherhood groups or other groups that are not of their -- of their choosing, they are doing everything they can to influence the outcomes in these places.

So this is a -- a fast-moving, very difficult set of individual cases. But I think you're right to ask that we look at them across the region and factor in Iran, because Iran is going to do everything they can to influence the outcome, and we've got to be there, and we've got to do everything we can to prevent that from happening.

HOEVEN:

How are they working right now to influence these outcomes and affect the governments that result after these uprisings?

CLINTON:

Well, for example, Senator, we know that, through their proxy, Hezbollah in Lebanon, they are using Hezbollah, which is a political party with an armed wing, to communicate with counterparts in Egypt, in Hamas, who then in turn communicate with counterparts in Egypt. We know that they are reaching out to the opposition in Bahrain. We know that they -- the Iranians are very much involved in the opposition movements in Yemen.

So either directly or through proxies, they are constantly trying to influence events. They have a very active diplomatic foreign policy outreach.

HOEVEN:

And, Mr. Chairman, if you'd indulge me for just one more quick question -- and we're working to counteract that how?

CLINTON:

Well, in every way we can. That's why we are in these countries with our teams of experts, our aid experts, our diplomats. I sent Undersecretary Bill Burns, a former ambassador to Jordan, into the region to do a full -- full survey. I've got Assistant Secretary Jeff Feltman in Bahrain as we speak working with the government there to try to help them understand what it's going to take to resolve this political standoff.

Our -- our ambassadors in Yemen, Egypt, you name it, are working hard. Our former ambassador -- or still our ambassador to Libya, but who was out of the country because of a dispute with the Gadhafi regime, is working hard to reach out to everybody going on in -- in the opposition in Libya.

So, I mean, we have diplomats, we have development experts, we have military, we have an enormous outreach that is working right now -- because what I have found, Senator, is that, you know, most people want us to be helpful, but they don't want us to be taking a leading role. And so how we deliver on the aid they're seeking without looking as though we're trying to take over their revolution is our challenge.

But it's also the challenge for the Iranians. You know, they -- they don't -- you know, they don't have a lot of friends, but they're trying to curry more friends. So it's a -- it's a constant effort on our part, and I have to have the resources and the flexibility to be able to move people around and try to figure out the best way for us to be successful.

LEAHY:

Thank you.

HOEVEN:

Thank you, Madam Secretary.

GRAHAM:

Very briefly, Mr. Chairman. It's been an outstanding hearing. You've done a great job. We've all learned a lot.

I think Rich (ph) is going to provide us some pipelines. What would the \$14 billion difference between the House C.R. and the 2012 request, what would that mean to operations throughout the world? And that way we can make a good decision.

I doubt if either number holds, the House number or the president's number. Somewhere in the middle is probably where we're going to be. But if the House number makes sense, I'm all for it. I just want to know how it's affected.

And one last question about Iran, because this -- that was very fascinating to listen to. I don't believe it's possible to contain a nuclear-armed Iran. I think the ripple effect would be devastating. What's your thought on that? Could you contain a nuclear-armed Iran?

CLINTON:

Well, I hope we never reach that -- that question, Senator, because I think it would be very destabilizing in the region. I think it would prompt other countries, particularly those with the means, to seek their own nuclear weapons program. We saw what happened when India got its program. Pakistan immediately had to get its program. And when the genie's out of the bottle, it is really hard to know what's going to happen next.

So I think we have to be as vigorous as possible in trying to prevent that from happening.

LEAHY:

Thank you.

You know, Madam Secretary, I think we've heard this from both sides of the aisle. You've given us an amazing tour de force of the world. And you and I also talk privately often and in other venues, and I know it's not just these hearings in your -- we are very fortunate to have you representing the United States.

I think the underlying part, though, is so many of the things you pointed out, that you do and can do and that the United States has to do for its own national security, it's hard to do if the resources are cut off. You either pay us now or you pay us later. You cut it off, we don't have much that we -- we can do.

I think one last thing that comes to mind, of course, is our assistance for refugees. You've talked about a number of areas, and a concern has been expressed by both Republican and Democratic senators of the plight of refugees. But the House just cut our assistance to refugees by 40 percent.

You know, we have the problems in Darfur, Burma -- we have Iraqi, Afghan, Palestinian, and all these other refugees, more that have been created just in the past few weeks in areas where we have an enormous -- an enormous interest in aiding the refugees, and the ability that for years -- for years to have goodwill from our aiding the refugees, something that would help America's interests greatly in our fight against terrorism and everything else.

But that -- I just -- the cold reality is, the other body's just cut the refugee budget by 40 percent. At some point, we have to go to reality more than rhetoric.

So I appreciate what you've been saying here today. Thank you.

We stand in recess.