

Investing in 21st Century Diplomacy

A Budget Plan to Compete with China, Prevent the Next Pandemic, and Fight Climate Change

The United States faces a diverse array of threats on the global stage, yet our national security budget reflects a warped view of these threats and the tools we can use to overcome them. It shouldn't have taken 500,000 dead Americans to prove that our primary threats are non-military in nature. Yes, America should stay committed to maintaining the strongest military on the planet, but the three primary threats to the America over the next five years will be the rise of China's global influence, the spread of pandemic disease, and existential impact of climate change. To meet these challenges, we need to greatly diversify the tools President Biden and his national security team have to protect America. For the current fiscal year, our military's budget is 13 times larger than the combined budgets of the State Department and USAID. Our diplomatic and humanitarian efforts have flagged as a result, leaving us flat-footed to confront the challenges of the 21st century. Meanwhile, the Chinese government has doubled its diplomacy budget in the last ten years, and they now run circles around our outnumbered diplomats. To respond to China's rise, prevent future pandemics, and save the planet, we need bold budget reform now, before it's too late.

As Members of the Senate and House national security committees, we have watched with growing concern as the Department of Defense budget has increased by hundreds of billions of dollars while funding for our other vital national security agencies has stagnated. This is bad policy; a gift wrapped present to Beijing, an open door invitation to the next virus, and a devastating blow to our efforts to fight climate change. We believe our budget proposal prudently realigns our national security priorities and gives us the tools needed to improve the livelihoods of Americans and address the most pressing threats facing the U.S. and the world.

State/USAID funding (FY20 enacted):

\$56.6 billion

Proposed new State/USAID funding:

\$68.7 billion

- **Competing with China:** China is running circles around us, in every corner of the globe, often because they possess tools that America lacks. For decades, America took our unprecedented global diplomatic network for granted. But in 2019, China overtook us, and now Beijing has the most diplomatic posts in the world. China complements this reach through massive public-private partnerships, made possible by an international development authority that dwarfs that of the U.S. And China's robust propaganda operation allows Beijing to peddle their state-sponsored ideology across borders. China consistently partners with the Kremlin to attack global democracy, believing that the only way to protect their one-party rule system is to undermine the case for open, participatory democracy. The U.S., along with many of our democratic allies and partners, is a prime target.

Strong economic and commercial diplomacy will empower us to counter China's predatory trade and investment practices and augment U.S. economic competitiveness overseas. But it's not just about policy, it's about personnel – we need to open up more U.S. consulates and deploy more economic-coned Foreign Service Officers abroad. A bolstered interagency economic footprint at posts overseas will better position the United States to address unfair trade practices, protect U.S. intellectual property, and reduce market barriers for U.S. firms. Moreover, the United States must promote innovation and use targeted exports controls and international standard-setting to prevent China from employing unfair economic leverage to embed its strategic technologies – like 5G telecommunications – into the infrastructure of other countries.

Today, American foreign policy lacks the means to adequately confront China's diplomatic, economic, disinformation, and anti-democratic capacities. It's time to step up and meet China on the non-military playing field – where most of the competition is actually occurring. The foundation of our budget plan is an expansion of U.S. diplomatic presence overseas so we can outmaneuver China where we have the comparative advantage. Today, our military-to-diplomatic spending ratio is so imbalanced that there are fewer American diplomats than members of U.S. military bands. Our budget fixes this problem, and includes the following additional recommendations to fund a competent China policy:

- The Global Engagement Center (GEC) is a critical tool in responding to authoritarian propaganda – the first real attempt by the State Department to fight back against the proliferation of foreign propaganda from state and non-state actors. Now, it's time we actually give the GEC the funding it needs to detect and counter Chinese and Russian misinformation, and to ensure objective, independent global media are capable of weeding out fact from Kremlin and Communist fiction.
- China is particularly effective at building influence in non-democratic countries and places with high rates of corruption. We can't stand up to China without surging funds to anti-corruption efforts in developing nations and emerging democracies. Democracies that respect the rule of law are more stable, less fertile ground for extremist groups, and better trading partners for the United States. Further, the key to preventing the U.S. military from being sucked into places like Iraq, Afghanistan, and Ukraine is building open and accountable democratic societies. We've spent four times as much money on equipment for the Iraqi military than on support for the Iraqi government and economy. That's a recipe for failure, and an invitation for our adversaries to take advantage of our ill-advised spending allocations. We can, and should, fix this.
- The China Development Bank has a portfolio of over \$1.3 trillion. By comparison, the U.S. equivalent, the Development Finance Corporation (DFC) is limited by law to stay below \$60 billion in financing projects. Capping DFC investments at this low level is like breaking your own legs before starting a foot race. If we want U.S./European, rather than Chinese, product safety, food, and financial standards to rule the 21st century, then we can't sit on the sidelines while China continues to establish partnership after partnership with foreign governments. We need to supercharge both the Development Finance Corporation and the Millennium Challenge Corporation to assure that every nation has an alternative to China's investments.

	FY19	FY22 proposed
Global Engagement Center	\$55,000,000	\$138,000,000 (+\$85m)
US Agency for Global Media	\$807,000,000	\$857,000,000 (+\$50m)

	FY19	FY22 proposed
Democracy, Human Rights and Governance (State and USAID) and International Narcotics Control and Law Enforcement (State)	\$2,429,000,000	\$2,929,000,000 (+500m)
Economic and Business Affairs	\$62,000,000	\$92,000,000 (+30m)

	FY19	FY22 proposed
Development Finance Corporation	Current cap: \$60 billion Admin costs: n/a	New cap: \$120 billion (+60b) Admin costs: (+\$89m)
Millennium Challenge Corporation	\$905,000,000	\$1,810,000,000 (+\$905,000,000)

- Rebuilding the State Department:** A revitalized State Department is integral to competing with our adversaries and implementing the recommendations included in this report. That starts with rebuilding and empowering the Department's Foreign Service and Civil Service, both of which have atrophied over the last four years. According to recent reports by the American Foreign Service Association, the State Department lost 60% of its career ambassadors in 2017 and 20% of its senior civil servants between September 2016 and September 2018. These drops mirror overall decreases in our Foreign Service and Civil Service personnel numbers, which have steadily declined since 2017. Our budget

would reverse these trends by recruiting and retaining a talented, diverse diplomatic workforce.

	Current number of Foreign Service Officers	Proposed increase for FY22	Cost of increase (\$400k/person)
State	13,790	1,200	\$480,000,000
USAID	1700	300	\$120,000,000

- Global Health and Humanitarian Aid:** We would be fools to maintain the same level of funding for global public health in the wake of the COVID-19 pandemic. A new pandemic could emerge at any moment, and we need to have the resources to stop it before it reaches our shores. Today, these resources do not exist, and the small additional investment needed to detect and extinguish diseases with pandemic potential is infinitesimal compared to the trillions spent to confront COVID-19. We need to significantly boost developing countries' preparedness for the next pandemic, increase American visibility on emerging health threats, and invest in multilateral vaccine development and distribution. The global health budget should also include a proportionate U.S. contribution towards ensuring universal access to family planning – one of the important steps we can take to strengthen developing nations' health systems.

	FY19	FY22 Proposed
Global Health Programs (State and USAID)	\$8,837,450,00	\$15,000,000,000 (+6.163b)
Global Health Security	\$138,000,000	\$2,500,000,000 (+2.362b)
Coalition for Epidemic Preparedness Innovations	0	\$500,000,000 (+500m)
Family Planning/ Reproductive Health	\$607,000,000	\$650,000,000 (+43m)

International Organizations/WHO	\$331,500,000	\$382,800,000 (+51.3m)
Humanitarian Assistance	\$7,817,000,000	\$10,000,000,000 (+2.183b)

- Climate Change and Energy:** If the world fails to make demonstrable progress on reducing the pace of climate change in the next four years, it may too late for the next Administration. Time is running out. We need to harness the Green Climate Fund to help poorer countries invest in climate solutions, and with reforms to ensure it is well-managed and effective, it is the best positioned to drive climate action overseas and leverage additional dollars from other partner governments. We must also promote U.S. green energy technology through the Development Finance Corporation’s new mandate to finance energy projects. Energy independence does not just mean divesting from Russia; it means divesting from carbon. By increasing funding for green energy projects at home and around the world, the U.S. can put more Americans to work in good-paying jobs and retake the lead in the fight against climate change.

	FY19	FY22 proposed
Green Climate Fund	0	\$3,000,000,000 (+\$3b)
International Disaster Assistance	\$4,385,831,000	\$5,000,000,000 (+\$615m)
DFC Dedicated Funds for Energy Independence	n/a	\$2,000,000,000 cap (+0)