



What slashing the State Department budget by one-third would really mean

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When Secretary of State Rex Tillerson spoke to the State Department on his first day on the job, he sought to reassure America's army of diplomats by praising their dedication and intelligence and asking them to "work as one team." But he also promised some reforms that would challenge what he called "ineffective traditions," and now, those changes could be even more dramatic than expected.

The White House announced a 10 percent increase in military spending Monday that would add about \$54 billion to the Pentagon's budget -- paid for by historic cuts in non-defense spending. Foreign aid is a prime target, with reports that the budget for the State Department and USAID could be cut by as much as 30 percent or even 37 percent.

The White House has not confirmed either of these numbers, and its full budget proposal has not yet been released. But what would slashing the State Department by one-third actually mean? First, it helps to understand what the State Department does.

What's in the department's budget?

The budget for the State Department and the U.S. Agency for International Development (USAID) totals around \$58.8 billion, including \$19.2 billion in wartime spending called Overseas Contingency Operations. That big chunk includes programs aimed at countering ISIS, supporting Middle Eastern allies, and providing humanitarian relief. These numbers are based on the fiscal year 2017 budget request from the Obama administration.

On the ground, that translates to billions for keeping diplomats and embassies in the region safe, helping people in the region displaced by war, including refugees, and providing economic aid to these countries to try to help stabilize them.

Setting aside the Overseas Contingency Operations, though, the State Department and USAID have a budget of \$39.6 billion. At a baseline, there's about \$8 billion that keeps the diplomatic and consular programs running all around the world, and more than \$2 billion to build, maintain and secure embassies.

There are also the programs we often think of when we talk about foreign aid: Supporting international peacekeeping operations (about \$3 billion); international disaster relief, for hurricanes, earthquakes and the like (nearly \$3 billion); helping farmers feed the world (around \$2 billion); educational and cultural exchange programs (about \$600 million) and the Peace Corps (\$400 million); and the life-saving work of global health programs that fight malaria, HIV/AIDS and other diseases (between \$8 and 9 billion).

There are also programs you hear less about: Support for counter-narcotics operations around the world (over \$1 billion); financing allied militaries to purchase weapons and equipment (over \$6 billion); and the Overseas Private Investment Corporation, which sells financial services to American companies investing abroad -- and actually makes money for U.S. taxpayers.

Under the Obama administration, the State Department also boosted funding for particular issues, including millions of dollars each to deal with climate change, gender equality and biodiversity.

Where and how could you cut the budget?

That brings us back to reported possible cuts of up to 37 percent.

The reported numbers received big blowback from retired senior military leaders and former top State Department officials -- but also some Republican foreign policy hawks on Capitol Hill. But to others on the right, this is exactly where cuts should start.

“It is entirely reasonable for Trump to look to the State Department for cuts because the agency’s budget has tripled in real terms just since 2000,” said Chris Edwards, the director of tax policy studies at the libertarian Cato Institute.

“We’re not talking about going back to some antediluvian era. We’re talking about going to end of the [George W.] Bush administration,” said Brett Schaefer, a senior research fellow at the conservative Heritage Foundation. “It would simply revert back to levels that were adequate at the time and adequate going forward if you applied them in a smart way.”

But some worry that in today’s world, any scaling back of American diplomacy would send the wrong message, risking people’s lives amid famine and natural disasters, undermining America’s relationships with important partners, creating a vacuum for adversaries like Russia and China to fill, and possibly even damaging U.S. national security.

“A one-third cut would inevitably have a significant national security impact. You can’t cut that deeply and not create damage to national security because our interests are so broad,” said Douglas Lute, the former U.S. ambassador to NATO, a retired three-star general, and a senior national security aide to Presidents George W. Bush and Obama.

“America would be under-represented, facilities would be closed, and the facilities that remain open would be under-manned,” he added. “It would be the manifestation of America is shutting down.”

Karl Eikenberry, the retired three-star general who commanded U.S.-led coalition forces in Afghanistan, agreed.

“It also sends the wrong message to our many friends in the world who want a strong America, but one that leads by example and diplomacy, not with bayonets,” said Eikenberry, who also served as ambassador to Afghanistan.

Critics of the reported cuts are also quick to point out that spending on the State Department and USAID combined is only 1 percent of the federal budget, an easy scapegoat for a president unwilling to tackle the real challenge of reforming Social Security and Medicare.

A majority of Americans dramatically overestimate the share of the federal budget spent on foreign aid, according to a [January 2016 survey](#) by the Kaiser Family Foundation. On average, Americans guessed that spending on foreign aid makes up 31 percent of the federal budget, the survey found.

But Schaefer, of the Heritage Foundation, calls that argument “a red herring.”

“It doesn’t matter how big the State, USAID, or international affairs budget is in regards to overall U.S. budget. The question is, is it funded enough to accomplish its mission or is it over-funded?” he said.

Still, while many see a danger in widespread reductions at such a severe level, there appears to be some consensus that there is room for reform -- and the department’s critics say one way to do so would be targeted cuts.

Edwards, of the Cato Institute, has argued for targeting foreign development aid -- the kind that funds long-term projects, as opposed to humanitarian aid or disaster relief. And Schaefer recommended targeting more political programs, like the Obama administration’s funds for climate change and gender issues, but implementing reductions gradually.

If it seems that those may not add up to a one-third cut, some observers believe that may have been the idea all along from the “Art of the Deal” president -- to overreach as a bluff and end up somewhere in the middle.

“Is this a negotiating tactic? We don’t know,” Schaefer said.

But some, like Karl Eikenberry, warned there’s a danger even in bluffing.

“Perhaps this is an opening budget negotiation gambit, but even if so, it is terribly demoralizing to the many career professionals in the Department of State who have devoted their lives to serving our nation,” the retired military commander said.