

Positioning the State Department to Achieve the Obama Administration's Foreign Policy Goals

Jacob J. Lew

Deputy Secretary of State for Management and Resources

In the face of daunting domestic needs, the Obama Administration has launched an ambitious foreign policy agenda, recognizing, as the President has said, that the challenges of our time will not wait for sequencing. His agenda is supported by a robust request for international affairs resources, reflecting the Administration's commitment to strengthen diplomatic and assistance tools to address challenges that impact the security of the United States. The request lays the foundation for a tenet of this Administration's foreign policy—that diplomacy and development return to the fore.

Our world has changed dramatically in the last two decades. Interdependence now best characterizes our global relationships, altering both the challenges we face and opportunities to combat them. The threats we confront today—terrorism, pandemic disease, climate change, the proliferation of weapons, financial crisis—are uncontained by borders or military might. But just as our borders cannot protect us from their consequences, so it is that American culture and values, industry and ingenuity, capital and conscience can be mobilized to promote a secure and prosperous future for our global community. It is the enlistment of these aspects of American strength that we call “smart power;” and our current mission is to build the capacity to deploy it.

The Right Tools for the Job

Development and Foreign Aid: In the midst of the current economic downturn, Americans are rightly scrutinizing government spending and the use of their tax dollars. As they worry about holding on to their jobs, homes and health care, foreign aid may seem unnecessary—a nice charitable contribution in good times, but not a critical use of taxpayer dollars in hard times. But Americans are also experiencing the reality of our globalized economy. As poverty deepens globally, the impact of the financial crisis deepens at home.

Americans have also seen first-hand the costs of conflict. Nearly eight years into military operations in Afghanistan, Americans are painfully aware of the threats that dwell in ungoverned spaces, the dangers that can take root with poverty, political oppression and disenfranchisement. The costs of reacting to such threats are tremendous, measured in the lives of American soldiers and American treasure. The costs of prevention are modest by comparison, with benefits far greater than those achieved through military means alone.

Our superb military can stem conflict, but cannot lay the foundations of long-term economic growth, good governance, and human capacity that will result in sustainable peace and prosperity. In the long run, the more effective we are at development and diplomacy, the less we need to turn to defense. By fostering opportunity and security

worldwide, the Administration seeks to make Americans safer and more prosperous at home. These needs have become more urgent, not less, in the face of the global financial crisis.

Trade and the private sector: In the last two decades, foreign aid to the developing world has been dramatically outpaced by private capital flows. In many countries, aid is no longer the primary source of financing for development, nor does it serve as our primary leverage for incentivizing policy change. Resources from multinational corporations, remittances and foundations have grown such that they now represent the majority of flows to the developing world. Increasingly, then, development progress, cooperation and policy change depend on the US government's ability to mobilize and deploy the full range of US tools across both the private and public sectors.

In the past, our collaboration with the private sector was often limited to facilitating charitable contributions—a valuable partnership, but one that underestimates its true potential. Responsible governments are often asking the United States for a hand up, not a hand out, through technical assistance to create the conditions necessary to participate in the global economy. The private sector, too, often seeks US government knowledge, relationships and loan guarantees to facilitate their investment in the developing world. Economic statecraft—technical assistance, trade and investment agreements, debt forgiveness, loan guarantees—can help raise billions for development and serve as powerful incentives for policy progress.

Global partnerships: Our objectives and investments are greatly enhanced when pursued in partnership with the international community. Many of our foreign policy challenges rely on coalitions of like-minded partners, forged within our international institutions. And as demonstrated through our support for UN peacekeeping activities, the dollars we contribute to these fora leverage significant returns.

Therefore, success lies in restoring US leadership in the international community. Open and persistent diplomacy is key, as is meeting our financial commitments to international institutions. The Administration's budget request provides full funding of all 2010 scheduled payments to the Multilateral Development Banks, and a portion of the outstanding arrears, to reinforce our commitment to play a leadership role in these institutions. It also increases the US support to the International Monetary Fund, and it meets US financial commitments to the United Nations and other international organizations.

Civilian capacity: There is a growing consensus in Washington on the need to enhance civilian capacity to deploy smart power tools. The Secretary of Defense agrees with the Secretary of State on our aggressive agenda to ramp up diplomacy, foreign assistance, multilateral engagement, private sector collaboration and other smart power interventions. This agenda means that the diplomatic mission is evolving. Reporting and analysis, representation, and negotiation remain critical skills in diplomatic service. In the current global security environment, however, strategic planning, program management, development expertise, and interagency experience are all essential skills for the new

generation of foreign/civil service officers. Together with a budget proposal to increase the size of the force both within the State Department and USAID, the Administration seeks to build the skills necessary to wield the diplomatic and operational elements of smart power effectively through new avenues of recruitment, training, assignment and promotion.

Flexibility: Our officers are constrained in their ability to leverage opportunities or address challenges as they occur, given the variety of authorities and uses assigned to foreign assistance. Smart power requires real-time responsiveness and agility. These tools have long been recognized as vital in military operations, and must now be applied in diplomatic and development arenas. We must continue to strive for our assistance to be demand-driven, giving our people in the field the means to leverage opportunities, enhancing our ability to partner with responsible governments, and incentivizing development progress by giving partners more of a say in how aid resources are targeted in their country. The major responsibility for gaining such flexibility lies with us, in proving ourselves accountable and effective managers of taxpayer dollars, and articulating aid's role in our national security strategy and the related need for flexibility.

Managing for Success

Securing the resources to promote our goals is an important first step toward restoring American global leadership. We also know, however, that it starts with resources but it does not end with resources. With leadership comes responsibility, and especially in these difficult economic times, the need to be better managers of our resources is great.

We know we must better coordinate the different parts of our foreign policy apparatus. For greatest impact, efficiency and effectiveness, we must operate as part of a strategic whole. Many are quick to move to the organizational issues—the right structure for our foreign policy institutions. But before one gets to the organizational issues, one has to ask the question, what do we need to be doing?

First, we need a comprehensive strategy to elevate diplomacy and development alongside defense. Greater interagency coherence requires establishing a set of shared objectives for assistance across the US government even if different agencies focus on different objectives. Doing so requires foreign policy leadership to direct overall priorities, formulate integrated strategies, and leverage strengths across US government international affairs agencies in support of shared objectives.

Second, we need basic mechanisms that allow us to integrate our strengths under the umbrella of shared strategy and leadership without subsuming any one part. We need to be able to look at a country, a function, an objective, and be able to identify everything that the US government is doing in that area. Common reporting language and common planning and budgeting processes, in support of our common goals, makes that possible. We need these tools not just to be better technical managers of our assistance programs, but to improve the impact of our diplomacy and foreign aid.

Third, we need to speak with one voice. The stove piping of our foreign aid programs and organizations reduces our ability to achieve desired outcomes through the incentives we provide. Our partners receive mixed messages through the myriad agencies working in international affairs, each with their own rules of engagement. The diversity of tools is a strength of our foreign policy, but each tool must be deployed strategically and in coordination. Our ability to field a coordinated team in Washington and around the globe, will increase our ability to maximize results on the ground.

With these three aims in mind, answers on how to mobilize effectively the tools and resources that lie across a number of agencies begin to emerge. Success relies on the ability to align policy, strategy, and budget—and on the leadership of the Secretary of State. Just as we have a military that has an Army, a Navy and an Air Force that operate under shared strategic direction, so can our civilian tools and agencies be deployed such that the whole is greater than the sum of the parts.

Some have expressed concern about closer cooperation between our diplomatic and development institutions, fearing that short-term foreign policy goals will overtake long-term development objectives. These concerns are based on legitimate history, but neglect to account for the transformation that has taken place in foreign policy. The goals of development—to promote human capacity and potential; fight poverty; and build states that serve and protect their citizens, provide for their education and health, and manage effectively natural resources—are also now the goals of our foreign policy. We know that these foreign policy goals are best achieved when development experts have a place at the table, and that development goals are best achieved when owned and promoted by foreign policy leadership such as the Secretary of State and Ambassadors in the field.

The current close cooperation between State and USAID has resulted in notable increases for development aims. The Secretary is deeply engaged in budget negotiations, and is proud to be presenting a budget with major gains for development assistance and building staff capacity at USAID. The direction of this budget is clear and significant, putting the country on a path to double foreign assistance.

But the effort to win resources for international funding is not an easy one. We are in the most difficult domestic economic circumstances of our lifetimes. The reality is that in the appropriation process, there will be enormous competition for resources in the midst of healthcare reform, continuing economic challenges and the steadying of financial institutions.

We are fully engaging our Congressional partners, and the case we are making is a simple one: Securing resources for international affairs has everything to do with the security of the United States, our ability to make a difference internationally and overall global stability. Our global leadership role is essential to both the economic and peaceful future of the American people. It is equally important for the American people that we are successful in this effort as it is that we restart our economy. Our safety, security and prosperity depend on it.