



SMART POWER 2.0

America's Global Strategy

DEAR FRIENDS,

America faces unprecedented challenges in today's world, but also tremendous opportunities. Since September 11th, Americans have understood our national security is inextricably linked with the rest of the world, as global threats such as terrorism, nuclear proliferation, and pandemic disease know no borders. Recent events from the Arab Spring to the global financial crisis demonstrate how unrest and uncertainty abroad affect American interests at home.

The stakes are too high to diminish America's leadership in today's competitive world. Over the past decade, national security experts across the political spectrum have embraced a foreign policy framework called "smart power," the idea to strengthen all the tools of national security—development and diplomacy, alongside defense. As the world changes with each passing day, we now need an approach that not only protects our security but also advances our economic interests. It is time to embrace Smart Power 2.0, America's new global strategy.

Security threats to the United States in 2012 are as serious as ever before, but our position in the world is being equally challenged economically. Our economic prosperity is increasingly tied to the rest of the world, as 95% of consumers in the global marketplace live outside the United States and the fastest growing markets today are in developing countries. The future growth of American jobs depends on access to these consumers and markets.

Challenging times require strong leadership, and we call on all Presidential, Senatorial, and Congressional candidates—Democrats, Republicans, and Independents—to meet today's global challenges and opportunities with a strategic investment in development and diplomacy. While just one percent of the federal budget, our international affairs programs yield a huge return in advancing our national and economic security. Join us in building a better, safer, more prosperous world.



Madeleine Albright
Secretary of State
1997 to 2001



Tom Ridge
Secretary of Homeland Security
2002 to 2005

Impact 2012 Co-Chairs



With a mere one percent of the entire U.S. federal budget, the International Affairs Budget supports all of America's civilian tools of development and diplomacy.

INTERNATIONAL AFFAIRS BUDGET: 1%

WHAT IS SMART POWER 2.0?

Extraordinary global challenges from terrorism to weak and fragile states to enduring poverty demand strong U.S. leadership and a new vision for American engagement in the world. Over the past decade, the importance of using all the tools of our foreign policy to shore up our national security—development and diplomacy, alongside defense—has had strong bipartisan support. But today, our position in the world is being challenged economically as well. That's why we need Smart Power 2.0, a strategic investment in effective development and diplomacy that enables us to advance our national security interests abroad, as well as, better compete in the global marketplace. For just one percent of the federal budget, programs funded through our International Affairs Budget protect our security and advance our economic interests in the world, while demonstrating our finest values as a nation.

NATIONAL SECURITY

Keeping America Safe



The threats facing the United States today cannot be solved by military power alone. Rather than the Cold War enemies of the 20th century, America faces the complex challenges of weak and fragile states that foster international terrorism, political instability, and staggering poverty, as well as global threats like pandemic diseases and transnational criminality. Our military and national security leaders have made it clear: in order for America to be safe and secure, we need all of our tools of national security to be strong and effective. Development and diplomacy, alongside a stalwart defense, keep America strong in this rapidly changing world.

HOW SMART POWER 2.0 PROTECTS OUR NATIONAL SECURITY

Supporting Allies and Promoting Democracy

- Strategic allies like Israel, Jordan, and Colombia receive vital security assistance that promotes closer cooperation in addressing shared threats.
- The Arab Spring in North Africa led to dramatic changes in a strategic region, and while each country's future will be determined by its citizens, the United States has an opportunity to support freedom and economic development.

Preventing Crises

- Diplomacy and development can help avoid the need for military deployment by defusing and preventing crises before they happen.
- U.S. assistance after the fall of the Liberian dictator, Charles Taylor, helped mitigate conflict and assist Liberians in forming a new government that has led to the rise of a new ally and partner in Nobel Laureate President Ellen Sirleaf Johnson.

Stabilizing Conflict Zones

- In Iraq and Afghanistan, effective development programs can help preserve hard-earned and fragile security gains as the United States mission transitions to civilian leadership.
- Training and equipment programs for police and military forces in Iraq and Afghanistan will be critical to helping new governments take responsibility for their own security.

“I am concerned that levels of funding for our State Department and USAID partners will not sufficiently enable them to build on the hard-fought security achievements of our men and women in uniform. Inadequate resourcing of our civilian partners could, in fact, jeopardize accomplishment of the overall mission.”

GENERAL DAVID PETRAEUS

Director of the Central Intelligence Agency

“Development is a lot cheaper than sending soldiers.”

ROBERT S. GATES

Former Secretary of Defense

At a time of serious economic challenges for the United States, we are also at a moment of great opportunity. Now more than ever, America's prosperity is linked with the global economy and dependent on trade and economic growth. 95 percent of the world's consumers live outside of the United States, and America's fastest growing markets—representing roughly half of U.S. exports—are in developing countries. Over the past 40 years, trade has tripled as a share of our national economy, and today, more than one out of five American jobs is tied to international trade. Diplomacy and development help build markets abroad where American private investment and entrepreneurship can flourish, thereby increasing U.S. exports and creating jobs at home.

HOW SMART POWER 2.0 HELPS CREATE JOBS

Building New Markets

- Nearly 87 percent of world economic growth over the next five years is forecast to take place outside the U.S., providing huge growth markets for American goods and services.
- The poorest two-thirds of the world's population represent \$5 trillion in purchasing power and a huge opportunity for U.S. exports.
- Nearly half of the revenues and profits of the S&P 500 now come from international markets.

Supporting American Jobs

- More than 97 percent of the quarter million U.S. companies that export are small and medium sized businesses.
- Numerous foreign assistance agencies focus on supporting business investments and helping create American jobs. The Overseas Private Investment Corporation has supported over \$200 billion in investments, and helped create over 340,000 U.S. jobs in all 50 states. The U.S. Export-Import Bank has supported more than \$400 billion in exports since its inception and created an estimated 200,000 jobs in 2010 alone.

Ensuring American Competitiveness

- Currently the United States spends one-sixth of what other countries do helping small businesses export goods and services.
- Our competitors are outpacing us in investments in Africa, South America, and Asia, which could threaten U.S. leadership and influence. Trade between China and Africa is exploding, for example, having reached \$55 billion in 2006, compared with just \$10 million in the 1980s.

**\$510
BILLION**

Amount U.S. exported to developing countries in 2009.

7%

Increase in employment for every 10% increase in exports.

\$1

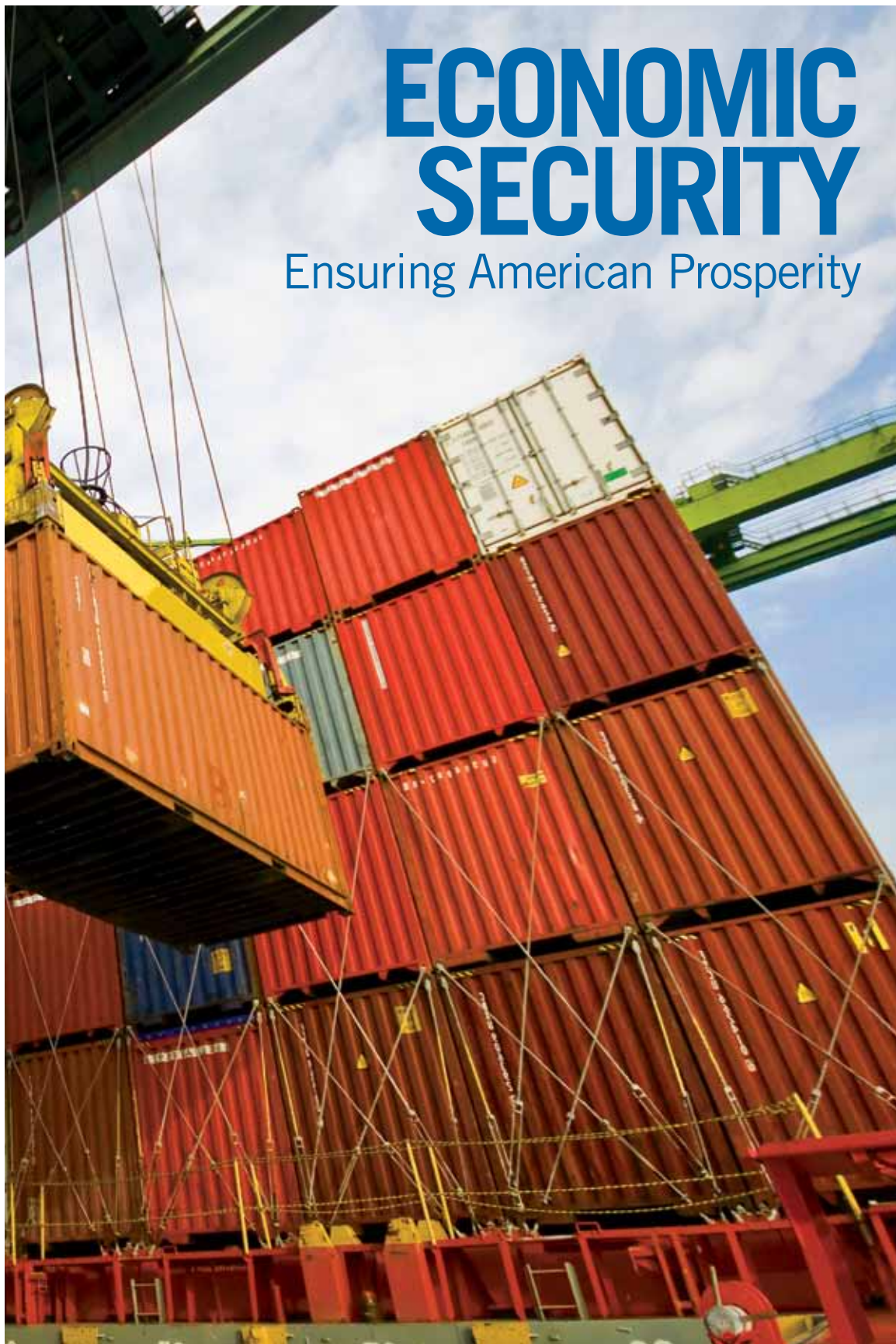
Each dollar the U.S. spends to promote exports brings \$40 overall back to our economy.

“The United States will continue to support those nations that transition to democracy—with greater trade and investment, so that freedom is followed by opportunity.”

PRESIDENT BARACK OBAMA

ECONOMIC SECURITY

Ensuring American Prosperity



AMERICAN VALUES

Showing Compassion for the Neediest



Humanitarian assistance showcases the values that America stands for as a nation and as a people—compassion, a belief in human dignity, and a generosity to help the less fortunate in the world. Whether helping to rebuild Europe out of the ruins of the Second World War, combating the terrible human tragedy of the global HIV/AIDS pandemic, or responding to human suffering after the earthquakes in Haiti or tsunami in Indonesia, America can be proud of its leadership in helping those in need around the world.

HOW SMART POWER 2.0 SAVES LIVES

Responding to Humanitarian Disasters

- Nearly 55 million people benefited from U.S. disaster assistance around the world in 2009 alone.
- After the 2010 earthquake in Haiti, the United States supported the largest food distribution effort in history, an immunization campaign for 1.5 million vulnerable people, and emergency shelter distribution for another 1.5 million people who had lost their homes.

Promoting Global Health

- Decades of bipartisan investments in global health have reduced worldwide deaths of children under five by five percent.
- The President’s AIDS Initiative (known as PEPFAR) is the largest program by any nation to combat a single disease internationally and has saved millions of lives in the fight against HIV/AIDS since it was created in 2004.

Investing in Sustainable Agriculture

- While the worst drought in 60 years devastated Somalia last year, its effects have been mitigated in neighboring Ethiopia due to U.S. assistance and the implementation of aggressive food security programs over the past decade that reduced the number of people at risk by over 60 percent.
- Long term, sustainable measures like educating farmers on crop rotation, drought warning systems, and food and water storage can save millions of lives and help countries build the capacity to mitigate future droughts.

99%

Global reduction in polio cases due to increased vaccination over the last 20 years.

20%

Increase in a developing countries’ wages for every year girls go to school beyond fourth grade.

88%

Percentage of USAID-funded microfinance recipients worldwide who become self-sustaining business owners.

“No national security strategy is complete in the long run without promoting global health, political freedom and economic progress.”

PRESIDENT GEORGE W. BUSH

SUCCESS STORIES

KEEPING AMERICA SAFE



POLAND

From Soviet Satellite to an Ally: After the fall of communism, Poland benefitted from U.S. military and development assistance to help train its civilian and military leaders as it modernized its military and fostered new democratic institutions. With an investment of less than \$2 million a year, Poland has become a member of the NATO military alliance and a steadfast American ally.



COLOMBIA

Plan Colombia Advances Our National Security: Since the 1980s, the U.S. has grappled with the threat of a major drug war spilling over its borders from cartels in Colombia. To fight the war on drugs, the U.S. went to its source, partnering with Colombian law enforcement and military in counter-narcotics and economic development programs to deter drug traffickers. The recent Colombia Free Trade Agreement will deepen ties developed in the common effort to prevent narcotics trafficking at our borders.



INDONESIA

Strengthening an Ally in the War Against Terrorism: Lack of opportunity can breed extremism, and Indonesia, the world's most populous Muslim country, has struggled with terrorist activity over the past decade. In an effort to improve economic development in Indonesia, the U.S. recently signed a Millennium Challenge Corporation compact to strengthen governance, develop new sources of energy and technology, and enhance anti-corruption efforts and procurement reform.

EXPANDING ECONOMIC OPPORTUNITIES



SOUTH KOREA

Doubling Exports to South Korea: South Korea was an aid recipient 60 years ago. Now it's an aid donor, a key American ally, and an important market for our companies. South Korea today has the world's 13th largest gross domestic product and is the seventh largest trading partner for the United States. U.S. exports to South Korea have doubled since 1990 to nearly \$39 billion in 2010.



GHANA

New Business Opportunities in Sub-Saharan Africa: The Export-Import Bank of the U.S. provided a \$41 million loan guarantee to support the export of 121 customized firefighting vehicles and related equipment from the U.S. to Ghana, which will purchase the equipment from four subsidiaries of the Oshkosh Corporation, headquartered in Wisconsin. These exports help Oshkosh maintain employment of its highly skilled workers in the U.S. and expand its market share in Africa.



VIETNAM

700% Increased Return on Investment: Under the Vietnam Support for Trade Acceleration Project, the United States helped Vietnam to improve its domestic business regulatory environment and open its economy to foreign competition. Low cost assistance in revising Vietnam's commercial, legal, regulatory, and institutional framework helped to promote and permit investment. As a result, the United States became one of the leading exporters to Vietnam, with American exports increasing by over 700 percent.

DEMONSTRATING AMERICAN VALUES



AIDS Treatments Save Lives Every Day: As part of the President's AIDS Initiative (PEPFAR), over three million people received life-saving treatment in 2010, and over 100,000 babies were born HIV-free when their mothers were given medication to prevent transmission of the disease.



Humanitarian Relief after the Tsunami: For decades, the United States has been on the front lines in providing humanitarian relief during times of crisis and natural disasters. Over a year after the U.S. effort to provide relief, save lives, and reduce suffering in Indonesia, public opinion polls showed a tripling of the percentage of Indonesians with a favorable image of the United States.



Reducing Child Mortality from Malaria: Since the launch of the President's Malaria Initiative in 2005, substantial reductions of 23 to 36 percent in mortality in children under the age of five in countries in Africa and Asia have occurred. The current strategy aims to halve the burden of malaria in 70 percent of at-risk populations in sub-Saharan Africa, or approximately 450 million people.

EFFECTIVE AND ACCOUNTABLE FOREIGN ASSISTANCE

In a time of budget austerity, it is critical every dollar spent on foreign assistance is done so effectively, efficiently, and in ways that deliver results and advance our national interests. Over the past decade, significant strides have been made by Republican and Democratic administrations to reform how we deliver assistance. Practices are shifting towards results driven outcomes, with monitoring and evaluations systems growing. For Smart Power 2.0 to succeed, these reforms must be continued and expanded.

KEY PRINCIPLES UNDERWAY

- **Robust Monitoring and Evaluation:** Recent efforts at the Millennium Challenge Corporation (MCC) and USAID have strengthened monitoring and evaluation to improve accountability for our foreign assistance. The MCC's performance is measured against specific metrics, and if a country falls short, then the program is ended. USAID plans to release 250 high quality evaluations of its programs by 2013, with the aim of fostering a culture of learning and informing strategic budget decisions.
- **Increased Transparency:** The Foreign Assistance Dashboard at www.foreignassistance.gov was launched by the State Department and USAID in 2011 to allow anyone with an internet connection to monitor U.S. foreign assistance disbursements and projects. It currently includes all information for assistance programs administered by the State Department, USAID, and the MCC. Plans are underway to expand this information to include full project data and performance evaluations, and to broaden its scope to include all foreign assistance agencies.
- **Results-Driven Assistance:** The Presidential Policy Directive on Development prioritizes outcomes driven by economic growth, democratic governance, and sustainable systems to meet basic needs. For example, an innovative program addressing food security has shifted our assistance from emergency relief to helping countries develop sustainable agricultural systems that can eventually provide for themselves.

1129 20th St. NW
Suite 600
Washington, D.C. 20036

info@usglc.org
202.689.8911
(f) 202.689.8910

WWW.USGLC.ORG

