

U.S. Global Leadership Coalition  
Putting Smart Power to Work  
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Panel Discussion with Deputy Secretary of State Jacob Lew  
Anne-Marie Slaughter, Director of Policy and Planning,  
Department of State, and Alonzo Fulgham, Acting USAID  
Administrator

Judy Woodruff: Thank you very much Helene Gayle. We are going to get started right away because some of us, in particular the gentleman to my right, are on a tight time schedule. In fact, all of you are on a tight timeframe so I don't want to waste any time. I'm delighted to be back here participating with this really wonderful organization. It is a repeat engagement for me and if some of you are wondering why I'm back, you know my understanding is they just couldn't find anybody else to do this. Of course, I'm sure any number of people would love to be here and I am just honored to be here.

It's easy to say -- you know, you pick up the paper in the morning, you turn on the television, listen to the radio, and you would think that it's just healthcare and Afghanistan and Pakistan that are happening. And indeed, those are happening; they're getting a lot of attention in the media as they should. But the subject that we're here to talk about this morning is in so many ways enduringly important to this country and it is something that I think many of us in the media, all of us in the media need to pay much more attention to.

So I want to kick off our conversation. I think we've already had the table set, if you will, but I want to begin with Anne Marie Slaughter and ask you just from your perspective, your background, and what your role is at the State Department, tell us what the secretary's and how you see the administration's vision right now for development and diplomacy.

Anne Marie Slaughter: Well, without prejudging the outcome of the QDDR which in part is to elaborate that vision, I think the most important underlying motive for this entire process is a recognition of the nature of the problems we face as fundamentally different from, although in addition to the problems of the 20th century. In other words, if you think about 20th century problems as classic geopolitical problems, obviously the Cold War, even after the Cold War, interstate conflict primarily, ideologically motivated conflict and ethnic conflicts of various kinds, we still have that agenda. It's still there. We still obviously have conflicts between states. We have rising powers. We have terrorism.

In addition, we have an entire set of global issues, climate change, global pandemics, global instability resulting from resource scarcity, energy security. Those problems can't be addressed by traditional geopolitics. They have a very strong political component but they also have a very strong

economic component. That's exactly where you have to integrate diplomacy and development. So in many ways, this is a foreign policy agenda that is responding to the world we're in.

In addition, it's going to take more than just the government. It's going to take the government and all of you. In fact, the Global Leadership Coalition really exemplifies bringing all the different non-state actors together in addition to other states' multilateral organizations. So this is more than an internal capabilities exercise, it's an internal capabilities exercise that is recognizing the nature of the world we're in.

Judy Woodruff: Alonzo Fulgham, I'm going to -- I want to come straight to you on this question of development. Given the challenges that we are all very aware of that face our policymakers, how does the role of the development professional, how does the role of development inject itself into these issues and challenges that people so, I think, automatically think, well, this is just a foreign policy question? What's the role of development in it and how do you answer that?

Alonzo Fulgham: I'd answer that in a couple ways. One is that when you look at the work that we've done in places like Ghana, places like Mozambique, it's the ability to bring countries along the development continuum. Our ability as an

agency over the years has been able to provide stability to feed people when they're hungry, to provide assistance to create economic growth in countries that didn't have the opportunity to create that economic growth. Development is not an end to a means but it provides the way forward for these countries, and what we're dealing with now and the nations that we're working in, we're trying to rebuild the capacity within those countries. And development offers the opportunity to develop capacity within these nations to bring them along the development continuum. Our agency, over the last few years, has started to rebuild itself to start to address those issues. We've lost that capacity over the last 15 years from 1995 until recently over the last couple of years to provide that assistance but it's our ability to get into these countries and provide the stability and stabilize the fragility within the nations that we're working in.

Judy Woodruff: Jack Lew, Secretary Lew, it has already been suggested, it has already been mentioned this morning that the kinds of things we're talking about this morning traditionally historically underfunded. Put on your hat as the former guy at OMB and tell us, how do you make the case as Secretary Gates himself just made this point the other day comparing how little money is spent on what we're here to talk about this morning versus one fighter plane? How do you make

the case to Congress and to others in the administration that what we're here to focus on this morning deserves greater funding?

Jacob Lew: I think quite simply we can't afford not to. If you look at the alternatives to building the civilian capacity, everything puts us either at more risk or more cost. You look at situations where instability has gotten out of control and the only means of addressing it was a military response. It's exponentially more expensive than putting the resources on the civilian side in a timely way and not to have to go that route. It's less costly in dollars but even more importantly, it's less costly in lives.

I think if you look at the transnational threats that we're facing, it explains why in this environment where we might expect politically for the country to turn inward, we're looking outward. There's a sense that if we don't seize this moment and build the capacity to help make the world a safer place that we will end up paying for it in the future. It's not a scare tactic, it's merely a reflection of the reality of the world in the 21st century and the need to have these tools really be effectively available in real-time.

If you look at the conflict situations like Afghanistan, in a sense it makes the case easier to make. I think that there is a lot of desire amongst the public and amongst

policymakers for us to be able to roll the clock back and say, why couldn't we do things differently? And the only way to deal with emerging situations effectively is to build the capacity and to get ahead of the curve.

Judy Woodruff: And how does the QDDR help in that process?

Jacob Lew: Well, the QDDR, I think, is very important because it's a systematic review that will inform how we do our planning, how we allocate our resources. We picked the concept and the name to remind people that this is a process that has been extremely important in other departments. The Defense Department has a quadrennial defense review. The Department of Homeland Security has a quadrennial review now. The process of taking senior leadership and policy officials from the agency and dedicating their time and attention to thinking about what tools we need, what capacities we have to build, what are the range of situations we're going to need to be able to respond to, and do that in a systematic multiyear perspective is critically important.

We obviously will have different kinds of solutions than the Defense Department's Quadrennial Defense Review. We will have solutions that tell us how many and what kinds of resources we need to have in reserve capacity for civilians to be deployed. It will help us to work on the kind of civilian

equivalent of a joint command or how do you integrate between different agencies effectively?

One of the things that has just been striking to me in this first year and as I talk to my colleagues around the world, I realize that it's a shared issue is the boundaries in the 21st century have basically been erased. The reason we talk about transnational issues is that they're no longer confined to one country and another country. The reason we talk about interagency collaboration and whole government efforts is because we're no longer in a world where foreign ministers are the only ones who deal with each other. We have ministers from every level of government all around the world interacting.

So the challenge that we're facing is really -- it's a global challenge and we need to, as leaders in the world get ahead of it, the QDDR gives us the ability to do that in a systematic and organized way, not to do it in a final way. This will be the first QDDR. I think our colleagues who have told us about their experience with the first Defense Department QDR have cautioned us and don't think that the first QDDR will answer all the questions. If you try to answer all the questions, you won't succeed. Control what you are working on to a finite number of questions, make progress and then come back and do it again. And that's how we view this as an

ongoing process that we have to really build into the culture of the State Department and USAID. And frankly, the process of working together between the State Department and the USAID is in and of itself an important part of the process.

Judy Woodruff: In what way?

Jacob Lew: The teams we have are joint teams. We're, I think, seeing a lot of the development versus diplomacy line starting to disappear as we talk about what are the objectives, how can we work together to advance both our common objectives and to have one help the other. And I think that that's ultimately going to be the path to success.

Judy Woodruff: Anne Marie Slaughter, picking up on that, how do you see the development versus diplomacy line? I mean how should we be thinking about the distinctions between the two?

Anne Marie Slaughter: I do think the line is being blurred in many, many ways but, obviously, there are still differences in terms of what development experts know, what the body of knowledge that has been developed of in terms of what works and best practices, how you get long-term sustainable development, that is a distinct body of expertise. Just as diplomats have tremendous expertise not only in specific cultures and the political and economic situation of specific countries but also, frankly, in the often neglected arts of



building relationships, of identifying areas of common interests and of solving problems. That fundamentally is what the art of diplomacy is about. Now, in any given country, you need both or at least in most of the world where we are focused.

So if we're talking about instability, we're talking about fragile states, we're talking about post-conflict reconstruction, we need development experts and we need development experts who can tell us this is going to be hard. You're not going to get this done in two years or four years. This might take 10 years. Here is what you can do now, here is what you might be able to expect. You need that very concrete reality-based analysis given what we know in other countries.

At the same time, you need diplomats to go in and say to work with the government, to make sure that you can create the political space, to pushing to get policies through that need to get through. You need to work often with regional countries to say, look, this country is not going to make it unless we put it in a regional context either regional economic integration which is critical in parts of Africa or regional political cooperation to stabilize the political situation. And then you need to work internationally. You need to work with global institutions, obviously development institutions like the World Bank or the International Monetary Fund or

regional development banks but also with the UN and all the specialized UN agencies that can play such a role in things like health and food. So you need both. What we need to do is to get them working together as a team. In some areas that line is blurred but we recognize the advantages and the distinct capabilities of both.

Judy Woodruff: All right. We have lots of questions up here but because Jack Lew has to leave in just a couple of minutes, are there one or two questions for him from the audience before we resume with our conversation? Is there anybody ready right now with a question?

Jacob Lew: I apologize for having to leave in the middle of the panel but there's a meeting that I must be at in about 15 minutes.

Judy Woodruff: Yes. Two at the most, we're going to be able to get two.

JoDee Winterhof: Good morning. JoDee Winterhof with CARE. Good to see all of you again. Thanks for your time this morning. As you mentioned us rolling up our sleeves on issues, certainly one of those issues is the Kerry-Lugar effort in the Senate and it seems as though those efforts are very much in line with what you're working to do around the QDDR and also supportive of your efforts on food security, global health, et cetera and Chairman Berman also in the House in terms of his

work. What is your current position in terms of Kerry-Lugar legislation and your overall approach for working with Congress on these issues in the near future?

Jacob Lew: We've worked closely with both Senators Kerry and Lugar and with Congressman Berman and we very much appreciate that as they are going through the process of working on this important legislation, they are trying very hard to be sensitive to the schedule of the new administration putting together a review like the QDDR. I think as long as we move on the time schedule that the QDDR is set on, we're going to be coordinating quite well.

What's a little bit difficult is to take positions while you're still reviewing before you've reached your own conclusions. It's actually quite a helpful incentive for us to keep the QDDR process moving quickly because we very much would like to be partners with the congressional leadership as they write this important legislation which we applaud them for taking so seriously.

Judy Woodruff: One more question. Back there, yes.

Reuben Brigety: Ladies and gentlemen, good morning. My name is Reuben Brigety. I direct the Sustainable Security Program at the Center for American Progress. Like many of us who have both served in the military and also worked in the humanitarian development space, I've seen a positive impact

that civilians have had on the ground. It's a part of our foreign policy and national security. And as a result of that, I also strongly believe that our civilian agencies are not properly resourced to support that mission. So given that we need a strong development and diplomacy voice at the table, do you believe that the Pentagon is now ready or how ready do you believe they are to share both the resources and authorities with the State Department and USAID to support that mission?

Judy Woodruff: Good question.

Jacob Lew: Let me break it down into the parts. On the authorities, we have been working over the past half year with the Defense Department going through authority by authority trying to sort it out in a way that makes sense based on a logical construct of what each of us should be doing. It's going quite well. There are a lot of issues to go through. They're being queued up for discussion at a senior level so that we can have a budget that we send to the Congress in 2011 that reflects the sorted out authorities issues. I'm sure that there will be some that linger on just because we'll probably continue to find issues as we go through it but it's an encouraging process that we're working together really with a common purpose.

I think that the transition issues are complicated because it's a chicken and egg problem. You can't transfer a

responsibility until you've built the capacity to take it over. And I think if you look at some of the things we've encountered in the first year, we've kind of struggled through trying to figure out a sensible transition pattern. In Pakistan, the funding of counterinsurgency efforts there which we proposed originally as a DoD authority then we worked with the Congress to have a three-year path where it would start out at DoD, move to State with a very heavy DoD role, a transfer of funds to DoD and then in the third year become more traditional, State-driven foreign military assistance program. I think that kind of approach has to inform what we do because we can't put authorities into a kind of a gap where there is no one ready to take over. On the other hand, we can't wait a long time to begin the transition process.

So a lot of it goes back to our proposal to increase the Foreign Service, to increase USAID both in terms of doubling the number of Foreign Service officers and doubling the level of foreign assistance because that's what it takes to build the capacity for civilians to take over these responsibilities. I'm optimistic that given the favorable response we've gotten to our proposal to increase the capacity, given the very constructive conversations that we're having on the shift of authorities that we'll get this elegant dance choreographed so that we actually transfer the authorities, transfer the

resources and do it without dropping any of the balls which is just as important.

Judy Woodruff: Thank you very much. Jack Lew does have to leave. We're going to let him go and thank you very much.

Jacob Lew: Thank you Judy.

Judy Woodruff: We've listened as you posed questions to everybody here and I know you're expecting answers by the end of the day.

Jacob Lew: I very much look forward to watching the end of this and hearing the reports out of all the working groups. Thank you.

Judy Woodruff: Thank you, great to see you. Okay. I feel so guilty about asking people to sit down who've already stood up so just stand there and we're going to get to you. But as we come to you, I want to come back to Alonzo Fulgham just to get your response to what we just heard, Jack --

Alonzo Fulgham: Well, I wanted to touch on why I believe the QDDR is important to USAID. I think that for the first time, we have a review process that gives us an opportunity to address the stovepiping and redundancy that we're currently going through within our agency. I see Bill Lane is sitting here on the front row with me. He spent about a year and a half with me on the HELP commission. We've had the Nye Commission. We've had the Berman Report. And also, we've had

-- I have a prop here, the Lael Brainard chart that clearly represents that we need to find a way forward as a government. And I think the USGLC has noted also that our efforts have become increasingly fragmented, spread across multiple agencies with diverse objectives and approaches and skill sets.

I firmly believe that from a USAID perspective that the QDDR will allow for us to really plan and move forward. What do I mean by that? When you look at the QDDR nobody -- the QDR, nobody makes their budget allocation and request better than the Defense Department. Why not copy that? For years, OMB has told us, you don't have enough granularity, you need to better justify what you need. And I agree with Jack as he spoke earlier. The 21st century is totally different for our agency and we've got to find a different structure for how we operate. And I think the 150 account will stand better and be better justified with a QDDR process that really justifies our existence and our needs.

Judy Woodruff: Great, all right. I'm going to come back to the audience and then I've got other questions I want to weave in as we take your questions. Yes, sir, right here.

Robert Pearson: Thank you. My name is Bob Pearson. I'm the president of IREX. There has been on the part of American development organizations of course now a marvelous history and legacy of trust relationships in developing countries, work

with NGOs, work with local governments and this represents a tremendous asset for American presence and American foreign policy.

The recent news reports about Pakistan - and that's the reason I wanted to ask this question while the deputy secretary was here - seemed to call into question those roles and even raised the possibility that in some cases they'll be dismissed. We all recognize the importance of making certain that the American resources for assistance are delivered in the most effective way and that the NGOs and local societies are strengthened. How will the QDDR address the role of implementers and how do you see that moving along in the process? Thank you.

Judy Woodruff: Anne Marie, thank you.

Anne Marie Slaughter: So I think we'll be addressing those issues in a number of different ways. On the one hand, you have a group that is looking at contracting across the board which means what things should we do in-house, what things should we do outside and as part of that also, what is the optimal balance between in-country and US-based or other international-based contractors. We can't possibly chart that country by country. We're at a broader level but we can try to set some overarching principles about when we think we should



be doing things in-house and when not. That's from the more administrative side.

On the other hand, we are looking at investing in the building blocks of secure and strong societies. That then looks at how are we going to maximize our ability working through the government but working through, as you well put it, our larger capital, our social capital as a society, our economic capital, to actually make those investments work. And there's another place where obviously we're going to look at precisely the value of the relationships that have been built up.

And finally, in the first pillar because a lot of these are very interconnected, as Deputy Secretary Lew said, we have an entire working group looking at how do we partner with non-state actors across the board? Whether it is business or NGOs or labor or universities in my own -- in the case of my own background, how are we best organized to do that and to understand better how all of you actually in many cases work on the ground? So we will be looking at those issues, we will not be addressing it country by country.

Alonzo Fulgham: Judy, can I just step in?

Judy Woodruff: Yes.

Alonzo Fulgham: I think there's another issue that we need to look at as well. I think some of you remember USAID

back in the heyday when we had about 10,000 to 12,000 employees. We did everything from soup to nuts. We basically designed the programs, we implemented them then we evaluated them. And we built roads; we had engineers in every country that we're building roads in. And somehow, the continuum has swung way to the right, and I think many of you would agree that we have become a contracting agency. And I think what the administration is trying to do is get us back to not where we were during the Vietnam era but somewhere in the middle where we are building capacity within the countries that we're working in. And that we -- if any of you remember, we had host country contracting. We were doing a lot of this with local governments and somehow we've lost our way and we need to find our way back without injuring the policy and injuring the work that we're doing currently.

Judy Woodruff: And how hard is it to do that?

Alonzo Fulgham: I think it's extremely hard but development is hard and I think that this community knows that but I think the people on the outside who are currently following this agenda on development sometimes misunderstand the time that it takes to move these countries along the continuum as I mentioned earlier. There are a lot of processes that need to happen. Development doesn't happen overnight. It's like when you build a school people believe that you've

been involved in development, know the development begins what happens inside that schoolhouse. How are you able to identify a teacher? How that teacher is going to be paid, what the curriculum is being developed within that school. And that takes time -- it takes a process by which you put programs in place and you follow that continuum. And I think that we sometimes think that it should happen in a two- or three-year period if it doesn't. It's a long-term process.

Judy Woodruff: It's also more complicated to measure than just how many buildings did you build.

Alonzo Fulgham: Absolutely.

Judy Woodruff: Okay, a question from the back microphone. I can't quite see you but I can see somebody is there, okay.

Kate Bunting: Okay. Hi, I'm Kate Bunting. I'm the managing director at the USGLC and as everybody said, we've been following this discussion on a live Web chat. We've had email questions coming in so I get to be the voice from the field. We have folks from all over. I have here a question from Irma Stenman who is a business leader in Metro Orlando, Florida. She's at the business development -- or the Economic Development Commission. She writes, "Our organization works with thousands of companies of all sizes to assist them with their business concerns and to attract new investment. Many of the companies we work with feel strongly about the importance

of our nonmilitary tools to promote economic prosperity. In response to the global economic crisis and the growing global presence of China, what is your view of the role of civilian-led programs to ensure that as businesses, we can compete in the global marketplace?" It was not addressed to anyone in particular.

Anne Marie Slaughter: So I was formulating an answer until that last word which was "compete." I was thinking about help in our development goals that I was all ready to answer there. And I will say that first because I'm very struck by how many times when I go to dinners here and as I travel, business leaders come up, our people who work with business leaders and say there's such potential and such capacity for helping to contribute in economic development and social development in various ways. How do we help? How can we help in a more coordinated, systematic way? Not the government tells us what to do but in a way that looks more like something like the Clinton global initiative where you have genuine coalitions of business and nonprofits and the government working together.

So part of what we're trying to do there is, again, very much figure out how do we need to be organized. And I'm going to echo Deputy Secretary Lew, we need to hear from you. We really need to hear from you: what should we look like? What

capacity should we have to be able to engage you in the way you want to be engaged because it's not as simple as just creating a partnerships office? It's really a question of what kind of expertise we need both in the field and here.

But on the compete question, I'm not going to dodge the question. I think there are somewhat apart from the QDDR but connected in one area, the secretary and the secretary of commerce have already met and talked a lot about the need to upgrade our commercial diplomacy. When I was talking -- we've all been talking about elevating diplomacy as a whole. Diplomacy is not just negotiating government-to-government. It is also commercial diplomacy, educational diplomacy, science diplomacy and a lot of the commercial diplomacy has been also under resourced. If you look at the foreign commercial service, if you look at our own capacity within our economic and business bureau, we need once again to have bodies, to have resources to work very closely to promote what American business can do.

Kate Bunting: Thank you. I'll be back in a few minutes with another question from the field.

Alonzo Fulgham: I think your government's already doing things to help you compete. I look at the example of Georgia where it was a country 10 years ago that couldn't turn their lights on because there was no electricity. We've helped put

the macroeconomic framework in place that allow for Georgia 10 years later before they had the hiccup last summer to be able to move in that bureau -- in that region, to have the fastest economic growth in the region.

I think what we're also doing at AID is setting up public-private partnerships. It's not just partnerships but how do you identify opportunities within those countries by creating trade capacity opportunities. We're doing things of that nature that are really creating economic growth, and that's where the big challenge for all of us. We have 1.2 million youth bulge in most of the countries that we're working in and we can medicate and we can educate. If we don't figure out a way to create economic growth in these countries, all this money that we're supporting these countries then is going to go to naught.

So we need our private sector and we need them to be patient and we need them to be diligent and go the long haul, similar to what Toyota [phonetic] did in Africa. I mean Africa is the last frontier so to speak and we're doing things on the continent to create opportunities but you've got to be competitive and be willing to go the course there.

Judy Woodruff: Front microphone.

Julia Chang Bloch: Julia Chang Bloch with the US-China Education Trust. The large audience this morning here I think

is an indication that the QDDR exercise is very much welcomed. Having said that, as someone who has worked for the State Department, USAID and the former USIA with the longest time at USAID, I want to ask or raise a concern that I'm hearing from my former colleagues, now very old, retired mostly, from the development community and perhaps we could at the same time probe further how you would define the roles of the State Department and USAID in the QDDR process.

The concern from the development community is this: is this a process really to elevate development in diplomacy or is this a process to have State more fully absorb USAID and in the process, not so much, just its authority and its capacity but its budget like USIA was absorbed? And I think an indication that USAID is a coequal partner of State Department in this QDDR exercise would be the expeditious nomination and appointment of a director. No offense meant to Mr. Fulgham.

Alonzo Fulgham: None taken. I'm just the caretaker.

Judy Woodruff: I don't know this business about older folks. This looks like a very young audience for me, so. We didn't promise you any easy questions.

Anne Marie Slaughter: It's a fair question and as I said, I wish that I could be applauding the appointment today, yesterday, two months ago, six months ago of an AID administrator. The secretary herself has spoken to that I

think as powerfully as anyone can in terms of our desire to see that happen and particularly in this process because we are working very closely across the board with AID but of course it would be even better if we had a strong political leadership in addition to the expertise and the leadership that Alonzo has been providing.

Let me just make very clear that the vision the secretary has coming out of the QDDR is of a much stronger, much better resourced AID. When we sat down with all the working groups and I talked about here's where we would hope to come out. If everything goes perfectly, it absolutely includes a much, much stronger AID, better resourced and better integrated in the councils of decision on every country. So we look at this in terms of development enhancing our diplomacy but diplomacy also enhancing our development.

Take Pakistan or Afghanistan right now and imagine in the 1990s, imagine in the early 2000s, imagine now. If at every turn when you talked about what we should do in these countries, you talked strategically, you talked militarily, you talked politically and you should be talking about what is needed genuinely on the development front and you need a development expert there to do that, to say look this is how hard this is going to be or this is where we should put our



resources. Let's be realistic about what we can hope to achieve.

We see good foreign policy in the 21<sup>st</sup> century as requiring equal input from both sides. That's going to be decades long in the making. It's going to require big culture changes on the diplomatic side as well as the development side but this is not about absorbing AID.

Alonzo Fulgham: I think you said it.

Judy Woodruff: All right, front microphone.

Kristin Lord: Good morning. I'm Kristin Lord.

Judy Woodruff: I'm sorry. I'm sorry, I've got that wrong, the back microphone. I'm trying to alternate here.

Louise Diamond: Okay. Thank you. My name is Louise Diamond. I'm with Global Systems Initiatives and I have a question about process. One of the basics of organizational life of course is you have to balance process and content. The content of what you're doing is fabulous. Of course, we need systemic approaches to systemic challenges and if you were a business, I would say you are now engaged in a classic organizational transformation process. You're refining your vision, you're looking at leadership development, you're looking at your resources, you're doing all of the organizational change work that we all do in our organizations. So my question to you is do you have that expertise in your

system that's helping you guide that process? And who's guiding the process?

Alonzo Fulgham: I think that when you look at the five working groups, I think it's pretty clear that we are pulling together the most senior individuals within the U.S. government and I think Deputy Secretary Lew spoke eloquently about the fact of bringing others in from the private sector, from NGOs and others. We clearly don't have all of the answers and I think we recognize that and this event today is part of the process to reach out. I think the more important issue for us as a nation is that we've got to get our house in order. I mean the issues that are affecting our agency and our ability to manage complex issues and resource them properly are paramount. And I think this process gives us an opportunity to get at that but we are going to need your help to do that.

Anne Marie Slaughter: And I would just like to introduce the leader of the QDDR team and the chief operating officer of the whole process, Karen Hanrahan who's sitting here on the right - Karen, you should just stand up - who has had experience on the ground in Iraq but also private sector experience particularly in organizational change. And as you were talking I looked over and smiled at her because she has been telling me exactly all the things that you've been talking about in terms of the process that is needed to get real

organizational change so we do have expertise right in-house.  
Now, your turn.

Kristin Lord: Thank you. Good morning. I'm Kristin Lord from the Center for a New American Security.

Judy Woodruff: Can you speak a little closer to the mic?

Kristin Lord: Sure thing. One of the things you haven't mentioned yet is public diplomacy as an instrument of smart power. I'm wondering how large a role you think public diplomacy plays in a smart power strategy and in the QDDR process, how were you thinking about using the power of public engagement as one of the key tools in your toolbox?

Anne Marie Slaughter: It's a very big role. Judith McHale is transforming how we think about and how we do public diplomacy and she's doing that independently of the QDDR and she's way down the road already. She's really been quite remarkable in her ability to both conceptualize how we do public diplomacy and put it into operation. She is one of the co-chairs of one of the sub-working groups and we basically asked her working with her AID counterpart to integrate everything that she's doing on public diplomacy per se into the QDDR in terms of how do we need to be resourced, what are the capabilities, what are the organizational changes across the board. So that's an example where what we're doing is drawing on something already going on but we absolutely recognize the

centrality of really investing in public diplomacy, as Judith would say, not just as messaging but as building relationships.

Judy Woodruff: All right. We've got a lot of you we're trying to get to. Yes?

Marisa Lino: Marisa Lino from Northrop Grumman Corporation but I also spent a few years at State and the first secretary I served under was Henry Kissinger. My question is meant to be provocative. Are you really trying to put lipstick on a very old pig? Everything that you read in the public realm sort of implies that State has never had a planning document and never done anything that involves metrics and yet, when I retired in '03 there was a strategic planning system that was very much tied to metrics down to the embassy level. So my question is what is really different about this process? Yes, the world is changing. Yes, we want to bring development and diplomacy closer together but it's not as if this has never been attempted before.

Judy Woodruff: Are you with a particular organization now?

Marisa Lino: Northrop Grumman Corporation.

Judy Woodruff: You mentioned that, I'm sorry. All right.

Alonzo Fulgham: I like to give it a shot. I don't agree with the premise that it's putting lipstick on a pig. I think that we have to be honest that for the first time, I think most

of you can remember we have the deputy secretary of state, the director of policy planning in a public forum advocating for aid, advocating for USAID. That's huge, number one. Number two, we've never had the ilk of a Jack Lew, former OMB director, who understands how the Hill works, understands how policy works in this town, actually taking on this activity himself. And I think we've all caught -- I think we said quite eloquently this morning that we can't go on continuing the way that we've done business in the past. This is the way of breaking the model, the old model, and moving forward and the request to get you involved in that process is the first step.

But I think that -- I know we're cynical, we can be very cynical in this town but I think this is a real attempt to get at the resource question and justification of what we're doing and how we're doing it and how to resource, not for next year, but for the next 10 years for the missions that we're going to be taking on as diplomacy and development.

Anne Marie Slaughter: If I can just give you three short reasons why I think this would be different, I'm obviously new in town but honestly as a dean I resisted strategic planning efforts. I'd gone through them before and they often take a great deal of time and don't have the results you want. This one is connected to the money. We are going to have results by January that will be used already for the 2012 budget guidance.

That in itself tells you that this is a very different operation and it is precisely connected to Jack Lew.

Second, we have all these working groups being run by assistant secretaries and undersecretaries. This is not something being done by an office on the seventh floor or an office on the second floor. This engages everybody across the building.

And third, this will be quadrennial. You can't put this up on a shelf for if you do you're going to have to revisit it two or three years later. It's going to be legislated ultimately. It will be an ongoing process and people will then have to take account of the guidance in how they budget and in the priorities that they ask the secretary to support.

Judy Woodruff: Northrop Grumman, are you persuaded?

Alonzo Fulgham: Is that a no?

Judy Woodruff: Yes, sir?

Male Voice: Hi. Thank you. I'd like to speak to another what I consider a bit of an orphan issue here. Security and development, which is I think what we're talking about, are severely obstructed by corrupt and dysfunctional rule of law, a key component of our human rights policy. These are the issues that we've been -- my organization UCSJ has been part of the human rights community in Russia and across the Soviet Union

since 1970 and we have benefited from USAID support in the past.

But it's our sense that there is a real disconnect between the human rights policy priorities and goals of diplomacy and the understanding of how to make that work through an NGO diplomacy partnership in our development agencies. And we think that this is really a serious issue that is based in part in a lack of good communication with the few people who understand the process of human rights advocacy in these countries. The effect right now - I'm just finishing one sentence - is that while we've had wonderful lip service and really good policies and good country reports, that sort of thing, at the moment the human rights community in Russia, for instance, is demoralized. Its personnel are drastically being cut and their capability to do the work is down and the morale is terrible and the dangers from hate crimes and targeting of human rights people and truth-telling journalists is the highest in the world.

Anne Marie Slaughter: So thank you for the question. We are not focusing specifically on human rights issues as a separate part of the QDDR. That doesn't mean we're not paying a lot of attention to them but it does mean we've had to make a set of choices about where we can most productively focus on capabilities. It does come in under building the strong and

secure societies. Unquestionably, if we're looking at investing in governance, anticorruption, human rights is a part of that.

But I would actually say part of what you've been seeing has simply been a function of how long it has taken us to get an assistant secretary for human rights. Mike Posner just came on board. It's not that surprising then that you have not seen policy initiatives. You've seen speeches but you've not seen many policy initiatives because you had an acting assistant secretary waiting for Mike to come on board and was now actively working with Harold Koh, with Maria Otero, with the whole group of people in the department who care passionately about human rights.

Male Voice: Okay. You can help me by telling me which panel should I go to this afternoon.

Anne Marie Slaughter: Three.

Male Voice: Three?

Anne Marie Slaughter: Three.

Judy Woodruff: All right. A question is coming over the transom. I'd like to ask both of you. Getting support for these initiatives at both ends of Pennsylvania Avenue is obviously critical. How is the QDDR working with the Presidential Study Directive and with Capitol Hill to ensure that this includes input from both of those efforts?



Alonzo Fulgham: I think that --

Judy Woodruff: [inaudible]

Alonzo Fulgham: Yeah. The inside joke is we spend more time in those meetings than anything else we're doing in town. I think they're very well-coordinated. Most of you all know Gayle Smith. We meet on a weekly basis. Anne Marie and I both sit at the table as well as some of our senior staff in discussing the policy portion of the PSD as well as what we're doing on the QDDR. I think it's very well linked up. I think for the first time our government is going to, at the end of this, have a process by which we have a strategy for policy on development for our country as well as the QDDR process that lines up our resources and requirements. So I feel very comfortable with the coordination at this point in time.

Anne Marie Slaughter: I would just add that it's been a very productive process in terms of integrating State and USAID perspectives. When we're there with everybody else around all the other interagency representatives, we often find that we come at these issues far more alike than many of the other agencies so it's actually been a very interesting process to be part of.

Judy Woodruff: Okay, we're winding down. We've only got time for a few more questions. Back microphone, if you could keep your question brief, thanks.

Noam Unger: Thank you. I'm Noam Unger from Brookings. And as somebody who worked at both, State and USAID, Anne Marie I really appreciate your comment about how the QDDR process is not a process of further absorbing USAID. But my question is to a certain extent, why not? I'm interested to hear your perspective if you could articulate why that is not a good idea because you made a very strong statement but didn't say why and I'm interested because the HELP Commission, Tom Pickering, Newt Gingrich, all of these folks came out with very strong recommendations to do exactly that.

Anne Marie Slaughter: I think the place to start is Secretary Clinton's very strong support of AID in the 1990s when there were various efforts to absorb AID. She really sees development and diplomacy as equal pillars with Defense of our foreign policy. And it goes back to the question of are they the same, how are they still distinct? There's a whole area in which they are increasingly overlapped and need to be coordinated. But they are still distinct expertise, distinct training, distinct resources and what we want to do is make sure we've got equal strength from the development side and the diplomacy side and that they're coordinated so each is enhanced by the other. But it really is a vision of what we need as part of our foreign policy that, as I said at the very outset, responds to the specific nature of the problems we face.

Judy Woodruff: Front microphone. Is this from the Internet?

Kate Bunting: It is. Thanks. So my next question is from Reverend Joe Darby who is the senior pastor at the Morris Brown Church in Charleston, South Carolina; my hometown. Many members of our congregation feel strongly about the importance of humanitarian assistance we provide to many countries around the world, from the typhoons and flooding in the Philippines to the persistent drought and hunger that leads to poverty and despair in many African nations. Disasters can occur without warning and have immense impact in the lives of those affected. He writes, "How will this review help the U.S. government better respond to address humanitarian needs around the globe?"

Judy Woodruff: Alonzo.

Alonzo Fulgham: I think that the record speaks for itself on this nation and its ability to address humanitarian crisis throughout the world. We will continue to do that at the levels that are needed. I think this process will also give us an opportunity to resource better and plan better and make sure that we have the right kinds of skill sets in order to address the future issues that we have to address dealing with this issue.

Judy Woodruff: Okay. We're going to take one more question and so I'm going to have to make it -- see the back

microphone. I'm trying to figure out who's been standing there the longest.

Chris Bassett: Thank you very much and good morning. My name is Chris Bassett and I'm here representing the National Council for International Visitors, the Department of State's private sector partner in the International Visitor Leadership Program. I'm curious to hear the panelists say how we and other private sector partners can be most productively involved in the QDDR process beyond this morning's working groups. How can we continue to contribute productively and be an active part of this process?

Judy Woodruff: It's a good concluding question.

Anne Marie Slaughter: It's a great concluding question. You can tell us what you think. You can make concrete suggestions. You can offer constructive criticism and you can do it in the context of the specific sub-working group that is addressing the issues that are most important to you. That might be the working group working with non-state partners; it might be on specific working group under building strong and secure societies. You can talk to us about where is the sub-working group that is going to be most engaged in the issues you care about and then offer your views. We are actively soliciting and responding to lots and lots of people who've thought about a lot of these issues for a very long time.

Judy Woodruff: The gentleman has a forlorn look on his face so you get to ask one small final question.

Irving Rosenthal: My name is Irving Rosenthal, former AID mission director and now teaching at American University. The history of foreign aid has seen the battle between the development agency whatever it was called in the State Department from the Marshall Plan until today. It has gone back and forth and back and forth and back and forth. One thing that makes an organization an organization, it's got to have a planning mechanism and it's got to have a budget. Anybody here knows that.

Last year under Secretary Rice, she changed the whole concept of transformational development to transformational diplomacy. She eliminated the AID planning office, a PPC, which had all the thinking brains and all the budget people moved that all over to State/F and now to Jacob Lew and so he is now running the AID budget. An immediate action that can be taken - you don't need the QDDR, you don't need anything else - an immediate action that can be created, done, is to recreate the policy planning office in AID, its budget function so they can give guidance to Alonzo when he meets people on the other side of the agency. Thank you.

Judy Woodruff: Alonzo, you want to get that?

Alonzo Fulham: No, I'll answer it.

Anne Marie Slaughter: You should have quit while we were ahead.

Alonzo Fulgham: Spoken like a true former mission director. I couldn't agree more. I think that everybody in our building and most of the folks in this room as well as folks who've been informed in Capitol Hill about this issue recognize that we have to reformulate some type of policy process within our building and I think we are slowly but surely building that. We've been in discussions with Deputy Secretary Lew about how to do that but we don't want to build additional stovepipes either so as the QDDR process continues, we will look at teeing up suggestions and ideas for the new administrator when he or she is chosen to make decisions on how we're going to move forward toward developing our policy process within USAID.

Judy Woodruff: It's been a provocative morning. Thank you all for having us kick this off. Anne Marie Slaughter, Alonzo Fulgham, thank you.

Anne Marie Slaughter: Thank you.