

U.S. Global Leadership Coalition

**2011 Washington Conference
Investing In The Future:
A Smart Power Approach To Global Leadership**

Keynote Address: The Impact Of Development And Diplomacy On Economic Prosperity

**Introduction:
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**Keynote Speaker:
Hillary Rodham Clinton,
Secretary Of State**

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GEORGE RUPP: Good morning, and welcome to this 2011 USGLC conference here in Washington. I am George Rupp, co-president of the USGLC and president and CEO of the International Rescue Committee.

It's a pleasure to welcome you this morning, especially those of you who have come from across the country. The USGLC cannot do its work without all of our participation, and we are grateful that you have joined us.

Our conference once again this year draws a wide range of interests and people – Republicans and Democrats, businesses and not-for-profits, military and faith-based leaders, young and old – all of us united in pressing the central thesis that America must take its global leadership position seriously if we're going to have a safer, better, more prosperous world.

The theme of this year's conference is "Investing in the Future: A Soft Power Approach to Global Leadership." We have enlisted an impressive array of speakers, panelists and moderators to address these critical issues.

We begin with a big bang, with Secretary of State Hillary Clinton, and we conclude with a roundtable discussion with senior advisors to the GOP presidential campaigns. We will salute our veterans and hear from General James Cartwright, vice chairman of the Joint Chiefs of Staff.

We will launch Impact 2012 with former Homeland Security secretary, Tom Ridge, and former Senate majority leader, Tom Daschle. We will hear his latest insights on the political scene from NBC's chief White House correspondent, Chuck Todd.

We will also release USGLC's newest report, "American Global Leadership: A Strategic Investment in U.S. Jobs." We'll launch that with an all-star panel that includes the World Bank's president, Bob Zoellick; Land O' Lakes CEO, Chris Policinski, and John Murphy from the U.S. Chamber of Commerce. One of the day's highlights will be the town hall discussion with leaders of our nation's International Development Agency: Raj Shah, Daniel Yohannes, Elizabeth Littlefield, and Lee Zak.

I'll take just a moment to thank the sponsors who have generously supported this conference: our premier sponsor, L-3 Communications, and our event sponsors, Booz Allen Hamilton, Deloitte Consulting and SAIC. Thank you very much. And let's express our appreciation. (Applause.)

Our conference today is being streamed live on our website at www.theusglc.org. For those of you following us on Twitter, please use the hashtag #USGLC to join the conversation.

To begin our program, I am pleased to invite Dan Glickman, chairman of the board of the U.S. Global Leadership Coalition, to introduce our keynote speaker.

Dan. (Applause.)

DAN GLICKMAN: Good morning, everybody. Due to the funeral of former First Lady Betty Ford, the timing of Secretary Clinton's keynote address had to be altered. And while she will be unable to stay for questions and answers as was previously planned, we are extremely appreciative of her making the time to come before departing for California after this speech.

Our theme for this year's conference is to explore the link between our economic prosperity and America's global leadership. With 95 percent of consumers living outside the United States, it is more important than ever that America be engaged in the world. Later today the USGLC will release a new policy brief prepared by nearly 20 business leaders that makes the compelling case for development and diplomacy as a critical driver to our economic growth.

Few understand this more and better than our keynote speaker, the Honorable Hillary Rodham Clinton. Throughout her career, she has championed the cause of helping people help themselves. As first lady she has traveled the globe, bringing attention to the need to invest in the world's most vulnerable citizens.

There is an old Chinese proverb that says, may you live in interesting times. Boy, do we live in interesting times, and, boy, are we lucky to have Hillary Rodham Clinton as our secretary of state during these interesting times.

As a U.S. senator she worked across the aisle – a term we don't hear enough of these days, I think – with Republicans and Democrats to ensure that the U.S. had the resources to be a strong global leader. As secretary of state she is undoubtedly one of the most respected public servants in the world, as well as being respected by Democrats, Republicans and independents in the United States.

And from the day she was inaugurated as secretary of state she embraced the call for a smart power foreign policy, fighting for critical resources, prioritizing women and girls, revamping our development and diplomacy efforts to ensure that they are effective and accountable, and leading innovative initiatives in health and in agricultural development. Today she joins us to add her perspective of how civilian agencies advance America's economic growth.

Last year I had the distinct honor in this room to introduce Secretary Clinton, along with a few of her friends, including Bob Gates and Tim Geithner. This year I am actually glad that she is coming without her friends so we can publicly thank her for her extraordinary contribution to building a better and safer world.

Please welcome our 67th secretary of state, the Honorable Hillary Rodham Clinton.
(Applause.)

(Remarks by Sec. Clinton.)

SECRETARY HILLARY CLINTON: Good morning. (Applause.) Thank you all. Thank you very much, and thank you for that warm reception. And thanks to Dan Glickman, an

old friend, a terrific public servant and entirely too kind in his introduction, but I'm grateful to him and to George Rupp, Bill Lane and Liz Schraye for all of their hard work. And I want to congratulate USGLC on your new report, "America's Global Leadership: A Strategic Investment for U.S. jobs." This report makes a strong case that diplomacy and development abroad help our economy at home. And I, for one, think it should be required reading here in Washington, especially right now.

We are gathered at a moment when our challenges, both at home and abroad, demand that all of us take stock of what we can do to renew America's economic strength, create jobs and invest for the future. That quest does not end at our borders. Our foreign policy must be a force for economic renewal here at home.

We all know that families are struggling to get back on their feet after the most severe economic downturn since the Great Depression. We all know we face genuine economic competition in more sectors, from more companies, from more places than ever before, whether it's from Indian pharmaceutical companies or Brazilian jet manufacturers. And all of us here today recognize that a strong economy at home is vital to America's leadership in the world.

Now, there will be many prescriptions for what is needed. My plea is that the prescriptions be evidence-based and not ideological or even theological, as sometimes they seem to be. And after spending two and a half years as your secretary of state, traveling nearly 600,000 miles, I have reached one over-arching conclusion. Simply put, we need to up our game.

President Obama understands the stakes, and this administration is hard at work to help America out-innovate, out-educate and outbuild the rest of the world. We need to double down on what we do well and add new tools and techniques to compete effectively in the 21st century, to be strong at home and to lead abroad.

So let me briefly make five points about what we at the State Department, USAID and the rest of the U.S. government are doing and what we believe American businesses need to do to compete more effectively abroad.

Because of the importance of this work, I will be addressing it in more detail in two speeches in the months ahead. In Hong Kong later this month, I'll be speaking about the rules and values that support our global economic order, and this fall I plan to give a larger address on economics and America's strategic choices.

But today I want to tell you about how we are using the tools of our foreign policy to create American jobs. First, State and USAID are engaged in commercial diplomacy that leverages our global presence to help our companies compete and win.

The State Department has over 1,000 economic officers and over 400 locally employed staff around the world, as well as 200 people in our economic bureau here in Washington, who wake up every day asking how they can break down barriers and find opportunities for American workers and businesses.

Old-fashioned door-to-door salesmanship still works in the 21st century. That's why our embassies and the businesses they work with feel keenly the cuts that we have suffered to the Foreign Commercial Service. We are working to fill that gap on resources. I have formally instructed all of our ambassadors to act as CEOs of whole-of- government efforts to promote U.S. exports to their countries.

And we are partnering more with chambers of commerce here and abroad. I will be working with Tom Donohoe and the American chamber to bring together representatives from American chambers of commerce around the world to discuss how we can boost American exports together so that we partner up more between our government and our private sector so that we have greater resources and greater reach.

Now, these steps are part of a whole-of-government effort to increase exports that includes Treasury, Commerce, the Export-Import Bank, the Overseas Private Investment Corporation, the U.S. Trade and Development Agency and many others. And it also includes the President's Export Council, which President Obama convened to bring together business leaders, lawmakers, members of the Cabinet, including myself.

Together we are paying more attention to small- and medium-size businesses that don't always have the understanding or the resources to uncover and exploit opportunities overseas. For example, the State Department recently sent a team of U.S. ambassadors from across the Middle East on a reverse trade mission to Milwaukee, Chicago, Seattle and Houston to raise awareness about the business opportunities in the countries in the region in which they were serving. We will be sending ambassadors -- U.S. ambassadors from every region to do the same thing in cities across America.

We are also sending ambassadors from other countries serving here in Washington to different places in America. We've had three such visits during my time as secretary, to Chicago, to Atlanta, and recently to Alaska, where the business communities have been terrific in hosting these ambassadors, having conversations, looking for economic opportunities.

Now, our commercial diplomacy has helped bring about the sale of big-ticket items, like 50 Boeing 737s to Russia, which will be manufactured across America, but it has also helped a small mining company from Greeneville, Tennessee, called Jarden Zinc, to sign a \$20 million contract in the Philippines.

Our efforts are occurring within a competitive environment where other countries are, very frankly, providing much greater direct support to their businesses, tilting the playing field in their favor. Now, although we do not need to emulate some of their methods, we do need to use our talent and resources to improve our own competitive tools, like export financing or harmonizing regulations to make it easier to trade with our allies.

Second, even as we help individual companies, our commercial diplomacy is also taking on the new barriers behind borders that are denying many of our companies a chance to compete fairly -- this is something I will be speaking about at length in Hong Kong -- because when we see governments enact regulations that are an excuse to give state-owned enterprises or local

favorites an unfair advantage, our embassies are pushing back. When companies impose so-called indigenous innovation requirements, that try to force our companies to trade away their intellectual property to enter or expand in a foreign market, we are pushing back.

We work to protect intellectual property, resist favoritism for state-owned enterprises, and protest discrimination against our companies in procurement. And we are insisting on a level playing field for our investors, because when American businesses are not treated fairly, that's not just an economic issue.

It is also a diplomatic issue, and we raise it at the highest levels.

Third, part of commercial diplomacy involves helping companies become more creative about what to export. For example, we are working to build markets and find customers overseas for industries that haven't always traded beyond our borders, like higher education or medical technology. To increase exports, we need to take advantage of all of our strengths, and we have a comprehensive approach to doing that.

Fourth, we promote trade to open new markets and create jobs here at home. I know two things about trade. It is a polarizing political issue, but done right, it creates American jobs. While our economic competitors are signing bilateral trade deals with countries in Africa, Latin America and Asia, the three trade deals now working their way through Congress have the potential to create tens of thousands of new American jobs.

The U.S.-Korea Free Trade Agreement is projected to grow our economy by at least \$10 billion annually. The U.S.-Colombia Free Trade Agreement would allow our businesses to sell goods in Colombia duty-free, the same way Colombian goods have entered the United States for many years, and it comes with important new guarantees on labor and human rights. In Panama, instead of paying tariffs as high as 81 percent, as American businesses do now, 88 percent of the consumer and industrial goods we export would enter Panama duty-free.

Passing these deals is critical to our economic recovery, but the stakes are not just economic. These nations are three important partners in strategically vital areas. Countries everywhere are watching to see whether America will deliver for our friends and allies, and so I urge Congress to approve these agreements and a trade adjustment assistance program before the summer recess. It's time to put these trade deals to work on behalf of the American people.

In addition to these free trade agreements, we are working to expand trade and access for our companies in other ways wherever we can. For example, we recently signed our 100th Open Skies agreement. Each agreement the State Department negotiates opens new cities to air carriers and new markets for business. The direct connection between Memphis and Amsterdam has a \$120 million annual impact on Tennessee's economy and supports more than 2,200 local jobs. American Airlines now flies direct to Madrid, a connection that has a \$100 million annual impact on the Dallas-Fort Worth economy. Now, before Open Skies agreements, these routes simply did not exist.

Now, these agreements may not create headlines, but they do create jobs, and so does foreign investment, which is helping America to remain a major manufacturing power. For example, a Danish company called Vestas has invested \$1 billion to ramp up wind turbine production across Colorado. Since 2008, they have hired over 1,500 people in Colorado alone, and they are opening a new blade factory later this year that will employ as many as 600 additional people. The German steel company ThyssenKrupp just opened a state-of-the-art steel mill in Alabama that will create 2,700 new jobs.

Overall, foreign investment is responsible for more than 5 million American jobs, including 2 million in manufacturing. That's why the Commerce Department recently launched a new program called SelectUSA to mobilize our ambassadors, our state governors, our State and Commerce Department officials to attract more investment in America. It is also why I created a new position in the State Department to deal with our own nonfederal officials -- states, governors, city mayors and the like -- and their counterparts abroad. We signed an agreement during Hu Jintao's visit here in January, and we said we were going to start a relationship between the National Governors Association and provincial governors in China.

The first meeting will be held this summer, in Utah, with -- I can't remember -- three, four or five Chinese governors, meeting with their American counterparts, and then each governor will bring 2(00) to 300 business leaders and other officials and go out to other American cities and states.

We're also pursuing bilateral investment treaties, the so-called BITs. They make it easier to invest in America, and they protect our investments overseas.

During that summit with President Hu Jintao, both he and President Obama reaffirmed our commitment to BIT negotiations, and I will be working to resume our talks with India when I visit in a few days.

Fifth, we are supporting foreign aid and development work to build up tomorrow's trading partners and create opportunities for American companies. With your help, for which I am very grateful, I have advocated for elevating development alongside defense and diplomacy.

Now there is, of course, the imperative moral case that our development of humanitarian work saves the lives of the hungry and the sick, helps countries become self-sufficient and helps people live up to their own God-given potential.

There is also the security argument: that successful development helps to stabilize society, reduces the risk of future conflict. But I believe the economic case is just as compelling.

The growth of the developing world presents a major economic opportunity for American business today and a thousand opportunities tomorrow. As Bill Gates told the USGLC earlier this year, and I quote, "I can't predict the exact future, but I can predict that a world with 200 healthy and thriving countries offers much greater opportunity than the world we have now." I couldn't agree more.

It's hard to overstate just how much strong markets and consumers abroad have contributed to our growth at home. Just look back historically for a minute. We spent about \$13 billion on the Marshall Plan to help rebuild Europe. That would be equivalent to about \$110 billion today. Now that seems like a lot of money, particularly when tax rates were much higher, when men like my father came out of serving in the Navy during World War II to return home to resume his civilian work life. For his government, President Truman, Secretary Marshall to say: Oh, hey, by the way, we're going to keep taxing you to rebuild our former enemies because we believe it will actually make America stronger. Think how times have changed.

But what I want you to remember is that although that seems like a lot of money today – even in current dollars, 150 billion investment – we now export \$240 billion of goods to the EU every single year. We provided \$6 billion in aid and loans to South Korea from the end of World War II through the Korean War to the mid-1970s. That would be roughly \$35 billion in today's dollars. Today, we export more than \$40 billion to Korea each year, and we are poised to export even more under the new free trade agreement.

Now our aid did not simply help these countries build their middle classes, although it certainly did. It created trade and consumption that helped us build our own middle class. It provided growing incomes and a sense of hope that we were able to fulfill by helping both Europe and South Korea transform themselves into strong, thriving democracies. Those were good investments.

Just last month I traveled to Africa, where I saw the so-called emerging economies, and gave a speech at the closing session of the annual African Growth and Opportunities Act conference. These economies are projected to grow by \$1 trillion by 2020. I'm convinced that our aid there is also a good investment. The people of the developing world can be -- and, I believe, will be -- a new customer base that drives 21st century growth, not just there, but here.

Now, half of our exports already go to emerging economies. And let's not forget that half of the consumers we are trying to reach are women. And as we help these nations meet their own challenges, grow their own economies, their men and women will then be able to buy their first cars, their first computers, everything from movies to medical equipment, and we will have a new and growing market.

And think of this: The population of the world's cities grows by 65 million people every year. That's the equivalent of seven times the population of the Chicago metro area. And countries are having to build ports, stadiums, highways and other infrastructure just to try to keep up. India just announced a \$1 trillion plan to improve its infrastructure over the next five years. Brazil is investing \$100 billion in the run-up to the 2016 Olympics. We need to make sure that American construction companies and suppliers are positioned to compete for contracts and take part in this global construction boom.

Much of what State, USAID and the Millennium Challenge Corporation and other government agencies do to promote development overseas addresses the very same problems American companies encounter when they do business abroad. We fight corruption, we strengthen the rule of law, we help countries write new commercial codes and overcome the

bureaucratic red tape that stifles businesses, and we help build infrastructure, like ports and roads.

All these steps improve conditions for people on the ground. I recently visited in Tanzania the site of a Millennium Challenge Corporation project expanding electricity access to Tanzanians that an American company was spearheading. That's jobs there, and that's jobs here.

So as we pursue our ambitious agenda for commercial diplomacy trade, investment and development, we are working hard to make sure the State Department is prepared. We are implementing the first-ever Quadrennial Diplomacy and Development Review recommendations as part of the QDDR that I commissioned. We will be appointing the department's first-ever chief economist, and we will be merging our economic work into a new undersecretariat for economic growth, energy and the environment, including a new bureau for energy and natural resources.

We are also revising the Foreign -- the Foreign Service entrance exam to ensure that we select top economic talent and build our economic literacy from the bottom up. And we are urging American companies to roll up their sleeves, get out there and engage with the economic opportunities that are emerging across the world.

This is a moment to lean forward and take the kinds of informed risks that have led to some of our greatest successes. We need American businesses to recognize the long-term stakes as well as the short-term rewards. And as they do, they will have our full support.

With persistence, patient diplomacy, we can ensure that American companies large and small get a fair shake and a chance to compete on their merits. But that takes resources. And to win those resources, we need political will, and we need your support, because that political will depends to a large extent on our ability to tell our story, make our case and win the argument that this is important for purposes far beyond doing the right thing. It is part of what we call smart power.

The 1 percent of our budget we spend on all diplomacy and development is not what is driving our deficit. Not only can we afford to maintain a strong civilian presence, we cannot afford not to. The simple truth is, if we don't seize the opportunities available today, other countries will; other countries will fight for their companies while ours fend for themselves. Other countries will promote their own models and serve their own interests, instead of opening markets, reinforcing the rule of law and creating widespread inclusive growth. Other countries will create the jobs that should be created here, and even claim the mantle of global leadership.

None of us want to see that happen, and I don't believe most of the people around the world do either. Everywhere I travel, I meet people not just looking to us but asking us for leadership.

This is a source of strength, a point of pride and a great opportunity. But it is an achievement, not a birthright. Maintaining it requires resolve, and it requires resources.

The work that you have done helps to sustain the investments that make American leadership possible. So I thank you. I thank you for understanding what we must do to maintain our position in the world politically, strategically, economically and morally. And thank you for what you do to help the American people and people around the world to live up to their own God-given potential and to help create a better, safer and more prosperous planet.

Thanks, all, very much. (Applause.)

MR. RUPP: Thank you, Secretary Clinton.

I was just telling her that was a great line about the birthright, you know – just a terrific line. We want to thank her. We ask that you remain in your seats as she exits the building.

Our program with General Cartwright will begin in just a very few minutes. So, to the extent that you can kind of stay in here without going outside, we would appreciate it very much.

(END)