

A stylized world map composed of a grid of dots in various shades of gray, with several dots highlighted in red. The map is centered behind the title text.

Implementing »Smart Power« Amid Economic Crisis

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- n The Obama Administration has embraced a »smart power« foreign policy that seeks to balance »hard power« military tools with »soft power« tools of diplomacy and development.
- n Initiatives such as the Presidential Study Directive on Global Development and the Quadrennial Diplomacy and Development Review seek to define the needed policy changes.
- n The economic crisis and budget deficits have constrained the Administration's ability to implement this approach and invest greater resources in diplomacy and development.
- n U.S. military leaders are among the most vocal supporters of this new approach to foreign policy.

I. The Emergence of a »Smart Power« Consensus

Many Europeans welcomed the election of Barack Obama in 2008 with great hopes for a new approach to U.S. foreign policy, which had become inextricably tied to the invasion of Iraq and reliance on the threat and use of military power. The transatlantic divide over Iraq led to a global arrangement often perceived as »the Americans fight and Europeans keep the peace«. Two years into his Presidency, what has President Obama accomplished in his efforts to change American foreign policy, and what remains to be done?

While many Europeans perceived the Bush administration as relying too heavily on military power, in fact there had been a significant shift in its policies during its second term. While serving the Bush Administration, Secretary of Defense Robert M. Gates argued that military force could not solve the threats facing the United States, saying, »we cannot kill or capture our way to victory« in the battle against terrorism.¹ Military leaders like General David Petraeus encouraged the Administration to shift from a policy of counter-terrorism focused on killing dangerous individuals to one of counter-insurgency (COIN) seeking to provide security for the local population and facilitate economic development and governance. The Bush Administration also invested in significant new development programs such as the President's Emergency Plan for AIDS Relief (PEPFAR) and the Millennium Challenge Corporation that sought to develop closer partnerships with beneficiary countries along with greater accountability.

By 2008, a consensus had emerged in American foreign policy debates, as numerous bipartisan commissions and reports embraced a »smart power« foreign policy that balances the »hard power« tools of the military with »soft power« tools of diplomacy and development.² Both presidential candidates, John McCain and Barack Obama, agreed and argued that today's most pressing global threats were no longer military conflicts between nations, but international terrorism, climate change, pandemics, and nuclear proliferation.

1. Robert M. Gates, *Speech at the U.S. Global Leadership Campaign*, July 15th, 2008.
<http://www.defense.gov/speeches/speech.aspx?speechid=1262>

2. Richard Armitage / Joseph Nye, *A Smarter, More Secure America*. CSIS Commission on Smart Power, November 2007.

II. The Obama Administration's Vision

President Obama's inaugural address embraced many of the »smart power« principles, stating, »our power alone cannot protect us, nor does it entitle us to do as we please,« and acknowledging »new threats that demand even greater effort, even greater cooperation and understanding between nations.« He continued in his speech to the Muslim world in Cairo later that year:

We also know that military power alone is not going to solve the problems in Afghanistan and Pakistan. That is why we plan to invest \$1.5 billion each year over the next five years to partner with Pakistanis to build schools and hospitals, roads and businesses, and hundreds of millions to help those who have been displaced. And that is why we are providing more than \$2.8 billion to help Afghans develop their economy and deliver services that people depend upon.

Secretary of State Hillary Clinton emphasized the Administration's new approach to foreign policy in her confirmation hearings: »We must use what has been called »smart power«: the full range of tools at our disposal – diplomatic, economic, military, political, legal, and cultural – picking the right tool, or combination of tools, for each situation.« And President Obama's choice to keep Robert M. Gates as his Secretary of Defense reinforced continuity with the previous administration's COIN policies that recognized the essential role of diplomacy and development in stabilization and reconstruction.

The Obama Administration's National Security Strategy (NSS), released in June 2010, is rooted in the principle of strengthening development and diplomacy alongside defense to meet the security challenges facing the United States. When announcing the new strategy at a speech at West Point, President Obama declared: »The burdens of this century cannot fall on our soldiers alone.« Recognizing both the range of security challenges and the critical roles diplomacy and development play in facing them, the National Security Strategy notes that: »Our diplomacy and development capabilities must help prevent conflict, spur economic growth, strengthen weak and failing states, lift people out of poverty, combat climate change and epidemic disease, and strengthen institutions of democratic growth.«

This shift of emphasis on diplomacy and development, however, did not mean a complete turn away from the use of military force nor the abandonment of some of the controversial policies of the Bush era, to the dismay of critics on the left and satisfaction of those on the right. The Obama Administration has continued air strikes in the border regions of Pakistan, resulting in civilian deaths that have inflamed anti-American sentiment. The Administration failed to meet its commitment to closing the detention facility in Guantanamo in its first year in office and has continued to claim state secrets privilege for judicial review in several terrorism cases.

III. The Challenges of Changing the U.S. Foreign Policy Bureaucracy

Turning rhetoric into policy while fighting wars in Afghanistan and Iraq has proven challenging, despite agreement among the senior leadership in the Administration. The NSS observed: »Our diplomacy and development capabilities must be modernized, and our civilian expeditionary capacity strengthened, to support the full breadth of our priorities.« It called upon the United States to undertake this task and, in order to succeed, also to »work with our allies and partners to do the same.« One of the keys to achieving the goals of this strategy, the document notes, is a pledge to »increasing our foreign assistance, expanding our investments in effective multilateral development institutions, and leveraging the engagement of others to share the burden.«

In its first year, the Obama Administration initiated two strategic reviews to develop the policy guidance and define the operational changes needed in the institutions of government: the White House-led Presidential Study Directive on Global Development and the State Department-led Quadrennial Diplomacy and Development Review, both of which were concluded in 2010.

The Presidential Study Directive on Global Development (which became a Presidential Policy Directive once signed) was launched in September 2009 and premised on the idea that global development belongs not only within the traditional domain of foreign policy but across the »whole of government,« including the Departments of Defense, whose soldiers were seeking to support stabilization in post-conflict zones, Treasury, responsible for multilateral investments in global institutions like the

development banks, and Agriculture, engaged abroad in promoting rural development and food security.

President Obama announced his new development policy in speeches to the Millennium Development Goals Summit and the UN General Assembly in September 2010, saying: »dignity is a human right and global development is in our common interest.« The policy focuses on economic growth as a means of reducing poverty; a new »operational model« with a premium on innovation, science, and technology that could lead to »game changing« rather than incremental improvements; and harnessing development capabilities across different branches of government. The policy states that the U.S. cannot »do all things, do them well, and do them everywhere« and acknowledges the need for more selectivity about where it works. Key points in the new policy include:

- Empowering USAID as »the U.S. Government's lead development agency«
- USAID participation at the National Security Council (NSC), »as appropriate«
- A new Interagency Policy Committee on global development led by the NSC
- Call for a U.S. Global Development Strategy to be submitted to the President every four years
- Establishment of a U.S. Global Development Council of experts from the private sector, academia, and other parts of civil society
- Pledging to work cooperatively with Congress in making funding for development more flexible and effective

Not to be outdone, in the fall of 2009 Secretary Clinton announced the first Quadrennial Diplomacy and Development Review (QDDR), aimed at operational improvements at the State Department and USAID, including such areas as procurement reforms, human resources, as well as strategic reforms in areas such as development in conflict zones, multilateral engagement, and foreign aid effectiveness. The QDDR was modeled after the Defense Department's Quadrennial Defense Review (QDR) which outlines its objectives and needs every four years when

making the case for its budget before Congress. Secretary Clinton noted in July 2009:

I served for six years on the Armed Services Committee in the Senate. And it became very clear to me that the QDR process that the Defense Department ran was an important tool for the Defense Department to not only exercise the discipline necessary to make the hard decisions to set forth the priorities, but provided a framework that was a very convincing one to those in the Congress, that there was a plan, people knew where they were headed, and they had the priorities requested aligned with the budget, and therefore, people were often very convinced that it made good sense to do whatever the Defense Department requested.³

In the wake of the military withdrawal and handover to civilian leadership of the mission in Iraq, the QDDR's recommendations emphasized the concept of »civilian power,« and embraced development as an equal pillar of foreign policy. Despite widespread agreement at the rhetorical level, repeated delays in the process led observers to speculate about disagreements over the degree of independence granted to the Administrator of the U.S. Agency for International Development (USAID), who reports to Secretary of State. While the QDDR emphasized rebuilding USAID as the »premier development agency,« at no point was there discussion of establishing USAID as an independent cabinet agency along the lines of the Department for International Development in the United Kingdom.

IV. Implementing »Smart Power« amid the Economic Crisis

While the outlines of a »smart power« foreign policy emerged with the Administration's strategic reviews, the global economic crisis and persistent budget deficits created constraints on the implementation of these policies. Calls across the political spectrum to reduce federal spending make it unlikely the Administration's promise to double foreign assistance by 2012 will be met. Two prominent budget commissions released proposals for reducing the deficit in fall 2010 that would either cut or

reduce the growth of the International Affairs Budget, the portion of the federal budget that funds the State Department and USAID. This funding is notoriously small when compared to the Department of Defense (\$58.5 billion vs. \$663 billion in 2010), yet it has often been cut by Congress while the Department of Defense receives even greater funding than requested. In 2010, the International Affairs Budget was the only portion of discretionary spending subject to Congressional cuts.

Misperceptions about foreign assistance also create additional obstacles for increased funding for development. Most Americans overestimate the amount of money spent on foreign assistance, with repeated polls showing that half of all Americans think foreign aid comprised at least 20 percent of the budget.⁴ In reality, foreign assistance makes up less than 1% of federal spending, and the entire International Affairs Budget is 1.4% of the federal budget.

In this challenging economic climate, the QDDR emphasized a »results-oriented« approach to reform, stressing cost-effectiveness, transparency, and evaluation. At the same time, initial steps in implementation have taken longer and been somewhat more modest than some observers had hoped. Secretary Clinton, following the practice of the Bush Administration in its second term, proposed a »unified national security budget« for the departments of State, Defense, and Homeland Security to highlight the national security implications of funding for diplomacy and development. The QDDR recommended consolidating the State Department's transnational and human security functions in two restructured bureaus and elevated its civilian crisis response team under the Undersecretary for Civilian Security, Democracy, and Human Rights. The Administration also launched three new global initiatives – Feed the Future (concerned with food security), the Global Health Initiative, and the Global Climate Initiative – that echo the call in the Administration's global development policy for a strategic approach to assistance that emphasizes working with other donors in selected countries, regions, and sectors.

3. Hillary Rodham Clinton, *Remarks at Town Hall on the Quadrennial Diplomacy and Development Review at the Department of State*. July 10th, 2009. <http://www.state.gov/secretary/rm/2009a/july/125949.htm>

4. Program on International Policy Attitudes (PIPA), *Americans on Foreign Aid and World Hunger. A Study of U.S. Public Attitudes. Executive Summary*. 2001. http://www.worldpublicopinion.org/pipa/pdf/feb01/ForeignAid_Feb01_rpt.pdf

V. Conclusion

While transatlantic foreign policy debates have often been dominated by questions of troop commitments in Afghanistan and Iraq, the Obama Administration has begun to implement a »smart power« foreign policy that elevates diplomacy and development alongside defense. Last summer, Secretary Clinton renewed a call for greater partnership with »our closest allies,« with special attention to Europe. Agreement on the new Strategic Concept for NATO that focuses on a »comprehensive approach« to global threats suggests there may be opportunities to discard transatlantic stereotypes and define a shared vision for addressing global threats.

Strikingly, as the Obama Administration developed its »smart power« foreign policy, U.S. military leaders have been among the most vocal supporters. Secretary of Defense Robert M. Gates acknowledged concerns about a »creeping militarization« of foreign policy, as the Department of Defense increasingly funded activities such as stabilization and reconstruction that were traditionally led by civilian authorities and proposed new models of funding for areas where the missions of Defense and State overlap. »I never miss an opportunity to call for more funding for and emphasis on diplomacy and development,« he observed in February 2010.⁵ Even more starkly, the Chairman of the Joint Chiefs of Staff of the military Admiral Mullen declared in a letter to the Congressional leadership: »The more significant the cuts [to the International Affairs Budget], the longer military operations will take, and the more and more lives are at risk!«⁶

In spite of the widespread support of military leaders, renewed partisanship is likely to constrain efforts to strengthen diplomacy and development with the additional resources and personnel called for by the Obama Administration. Hopes for a »bipartisan consensus on development policy« have been largely dashed in Congress as political polarization re-emerged around the mid-term elections that saw Republicans take control of the House of Representatives. While there is widespread agreement in principle on the need to re-write the Foreign Assistance

Act (dating from 1961), initial steps taken by Democratic lawmakers in both houses of Congress languished amid competing demands over the past two years, and the new Republican leadership is not expected to be supportive of existing Democratic proposals.

It remains to be seen how »smart power« will fare in the second half of the Obama Administration's term with a new Congress. Foreign policy and foreign assistance played little role in the mid-term election campaigns or in the programs of the new Tea Party candidates (with the exception of Kentucky Senator Rand Paul). Several incoming Republican Senators (such as Illinois Senator Mark Kirk) will take office with strong track records in support of U.S. global engagement. The two budget commissions do not single out or disproportionately target foreign assistance but emphasize the need to reduce spending across the federal government. Yet the upcoming presidential election in 2012 is certain to create incentives for both parties to stress contrast rather than consensus on foreign and domestic policies alike, and the Obama Administration will face hard choices about where to exert leadership at home and abroad.

5. Robert M. Gates, Security Assistance. Remarks at The Nixon Center, Washington, DC. February 24th, 2010. <http://www.defense.gov/speeches/speech.aspx?speechid=1425>

6. Mike Mullen, *Letter to Senate Majority Leader Harry Reid*. May 21st, 2010. <http://www.usglc.org/USGLCdocs/Reid.pdf>



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