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A CONVERSATION WITH SENATOR JOHN KERRY

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P R O C E E D I N G S

MR. DERVIŞ: Good morning, everyone. And as you can see, Senator Kerry, it's packed. We're very, very eager to hear what you have to say, what you will share with us. Let me not take much time, but maybe just make three points that I would personally really like to make about Senator Kerry, whom everybody, of course, has followed for years. There's no need for an introduction. But three points; one, I think, Senator Kerry, you know conflict, you know about war, you know that sometimes it's necessary, but if you can avoid it, the gift to humanity of being able to avoid it is huge.

And in many of your speeches and what you've shared with the world, that message comes through very strongly, and I think that's one very, very important message. And, therefore, if diplomacy and development can avoid conflict, can avoid loss of life, there are a few things that are more important than that.

You've also championed the fight against disease; championed two major legislative efforts in year 2000 and 2002, AIDS, Tuberculosis relief, Malaria, and I do believe that results are there. I mean this is one area where the U.S. has made a big difference, the efforts of the U.S. have made a big difference, and Senator Kerry was one of the leaders of that effort. And finally, and dear to my heart also very much, the whole environment climate issue. It's going to be with us, this whole

issue, for the next few years. The League of Conservation Voters considers you a champion of the environment. And I do know, and I do hope that the efforts to fight climate change, to fight for a better environment world-wide, which is another issue that brings the whole of humanity together are very dear to your heart.

So I just wanted to make these three points. Thank you very much on behalf of Brookings for being with us, and I give you the floor.

SENATOR KERRY: Thank you, Kemal, very, very much, thank you for the introduction. You made only one mistake in it, and that's when you said that he doesn't need an introduction. I've never met anybody in elected life who doesn't need their introduction; but that aside, I'm greatly appreciative.

And let me just say to all of you that our thoughts are very, very much with Strobe Talbott and the extended family of Brookings. And I want to express on behalf of all of us in the Senate our condolences for his loss and Brookings' loss. Brooke Shearer fought a long and graceful, difficult struggle, and our thoughts are with him.

Also, Kemal, it's a great pleasure to welcome you to Washington. After the important stints that you have performed as Turkey's Finance Minister and head of the United Nations Development Programme, you know these issues, you know them well, and your contributions to this discussion are going to be, needless to say, will continue to be critical. And those of you here at Brookings know very well

the critical role that Kemal played in turning around the Turkish economy. And his efforts are, frankly, still bearing fruit there today. So it's an honor for me to be introduced by you and to be here at Brookings with you, sir.

Sixty-five years ago, Secretary of State George Marshall looked at a Europe that was in ruins. You have to think about the full extent of those ruins and the state of mind of people at the end of a war.

Germany had lost 90 percent of its railways. One in five houses in France was destroyed. Nations were on the verge of bankruptcy; currencies were collapsing. And in many places, people were literally starving.

The success of Marshall's response has become one of the foundational narratives of American foreign policy. Understanding that isolation was no longer a choice, Marshall led America's efforts to rebuild a Europe that was to become a Europe full of strong allies, and a group of nations who are ready to join in the institutions and the alliances of a new world order.

In other words, George Marshall, one person, had a vision, a big vision, and he offered it at a critical moment. Over time, Marshall's Economic Cooperation Administration grew into the U.S. Agency for International Development, and a legacy of vigorous diplomacy and effective developmental assistance was born out of it. Our scientists helped to spark an agricultural revolution that ended a vicious cycle of famine and starvation in dozens of countries. Our investment and aid

paved the way for the East Asian economic miracle. Our aid workers served on the front lines of countless humanitarian responses, from earthquake relief to Tsunami assistance.

America's strong tradition of diplomacy and development is, in fact, and should be a point of pride, and I think many of us today feel it, while too many Americans are completely unaware of it.

I saw firsthand at a very young age what we had accomplished when my father moved our family to Berlin in the early 1950's to take on a new posting then as the Legal Advisor to the High Commissioner of Germany, then James Conant. Even as a 12 year old, I became aware of post-war reconstruction efforts. Walking into a building in downtown Berlin, I couldn't miss a plaque that declared for all to see: "this building was rebuilt with help from the Marshall Plan." And that, of course, stood for America.

When we invoke the Marshall Plan today, it's tempting to draw the easy conclusion that simply by sending more people and more money overseas, you're going to somehow replicate its successes. That misses the point. Marshall's true genius was, at least in my judgment, in the way in which he saw clearly the challenges of that particular moment. And he saw just as clearly the world that he hoped to create. And then he reached into government in order to empower and even invent the institutions that could make it happen.

This was transformational diplomacy before the phrase became fashionable, and with one key difference, Marshall actually matched his rhetoric with resources and it delivered results.

Simply put, we've got a gap today between our rhetoric and what we commit. We have a gap between our rhetoric and even our values and the understanding of Americans about those values and about what we get for these kinds of efforts. Simply put, my friends, what we need today is what Marshall offered back then, a strategic vision for diplomacy and development that will carry us forward to meet a new generation of challenges, a broad array of challenges, ethnic tensions, religious extremism, ideological excesses, all of which present problems in many ways far more complex than those that Marshall faced, but no less immediate and urgent.

It's no secret that American foreign policy has today reached a moment of multiple crisis: two ongoing wars, a non-proliferation regime that's under severe strain, a financial crisis whose full and global implications are still unfolding, a global counterinsurgency against Al-Qaeda and others that cannot be won with guns and bombs alone, growing poverty, population disenfranchisement, desertification and decline of natural resources, the decimation of them in many places, punctuated by global climate change.

Our challenges, without exaggeration, are beyond anything that we have ever faced. But there are clear paths forward. I'm actually

extraordinarily optimistic, because I see the possibilities for how we can deal with each of these if we summon the political will and put together the global effort to do it.

What we need to do is reach now new understandings with the developing countries like China and India and get low carbon technologies into the hands of billions of people. We know that's an imperative. We need to find new ways to cooperate on problems like global finance and pandemic disease that, by their very nature, require a multi faceted international response. And, indeed, Bill Frist and I wrote the first legislation that we actually got Jesse Helms to support that became the Global AIDS Initiative that ultimately President Bush translated into PEPFAR. We've seen the differences that that can make. We need to achieve the full Millennium Development Goals, and make real progress towards – against the extreme poverty and gender inequality and AIDS and infant mortality that consume and ravage developing nations across the planet.

And we need to find ways to bolster allies who risk losing their people to radicals in places like the West Bank, Pakistan, and Afghanistan, and who, frankly, risk it perhaps even more because of the kind of strange passive indifference of countries that talk about the problem, but don't put the resources there.

I'll just give you a quick example. I was in the Middle East over the weekend, and I was at the World Economic Forum, met with King

Abdullah and others, and you just can't help but see how real and palpable the negative impact is of all of the rhetoric about ultimately building a legitimate partner for peace in the West Bank and the complete indifference of most of the Western World and many of the Arab countries to the effort to really do that over the last five years. So what we need to do, my friends, as we look at each of these challenges is, be as practical as George Marshall was. We have skyrocketing youth populations in states and economies that are essentially broken. There are millions of kids under the age of 18 -- 60 percent in Saudi Arabia, perhaps 60 percent in Jordan, 60 percent almost in Egypt, and you can run the list -- where they grow up disenfranchised, without adequate education, in many cases without any education, full of resentment, and susceptible to the influence of radical extremism, susceptible just almost to anything that supplants the absence of adequate governance to somehow have a positive impact on their lives.

At a moment when the distance between what happens over there and here and its impact over here is shorter than at anytime that it's been, this is an urgent concern.

To make matters worse, many observe and many have observed publicly that these challenges are growing, not diminishing. Events like today's global financial crisis and last year's global food crisis are just signposts along the road pointing toward a rapidly changing, increasingly unpredictable global order, one that is defined by dynamism,

but also by precariousness. So going forward, we need to summon the will. It comes from leadership, it comes from the grassroots, too. But we need to summon the will and create the mechanisms to deal with this multi polar world.

I'm not going to go into all the science of climate change here, but suffice it to say that the science is coming back at us at a rate that is faster than and with negative implications greater than all the predictions that have been made by the best scientists of the world, it's coming at us faster, with greater danger signs.

And suffice it to say the evidence is overwhelming that we also now need to prepare ourselves for the mass dislocations and natural disasters of catastrophic climate events, as well as the frightening resource scarcities caused by a global population projected to surge by 1.5 billion people over the next decade and a half.

So these realities really do present a brave new world for which we have to dramatically redesign our foreign policy. If we are to meet these challenges, this much is clear: development and diplomacy have to retake their rightful place along side defense at the heart of American's foreign policy. And yet today, for all of our past successes, there's a growing realization that our diplomatic and development capacities are simply not prepared for the task ahead. And when you consider our meager investment in it, it's easy to understand why. We have voted repeatedly with our dollars to bolster our defense institutions

while completely neglecting our civilian capacity. Ladies and gentlemen, that has to change.

Funding for the Department of Defense is over half a trillion dollars, while despite recent increases, our international affairs budget remains just .35 percent of GDP. And this rounding era, and that's what it is, it's a rounding era in our overall, you know, budget funds, that particular .35 percent funds all the State Department operations, all of our foreign aid, all of our foreign policy programs, all of our diplomatic programs, all of our global health initiatives on HIV Aids, as well as humanitarian assistance and our efforts to help stabilize fragile states, reduce global poverty, and assist refugees. It's an insult to common sense.

Last year, the Army added about 7,000 soldiers. That is more people than the entire American Foreign Service has in all. One thousand one hundred Foreign Service officers could be hired at a cost of one single C17 military cargo plane. Now, we've done the right thing for our military; I'm not suggesting that we don't have to in this world of conflict and multiple locations have a strong military, obviously we do, I believe that, and fully funding their budget requests, providing training equipment, offering unequivocal support for their task and missions is important, and that's as it ought to be. But it's also time that we did what we need to do in our longer-term strategic interests with respect to the civilian side, too.

Our diplomats, like our soldiers, have been achieving remarkable results, often with minimal support and often under the most dangerous of circumstances. In my trips to crisis areas, war zones, refugee camps, and some of the poorest countries on earth, I've been amazed to see the depth of their resourcefulness and commitment.

Just last weekend, I met a control officer named Gabriel Escovar, who is leaving behind the life of a major European capital in order to join voluntarily a reconstruction team in Kirkuk, one of the most dangerous cities in Iraq. A few months ago in Peshawar I met Stecher George, a USAID officer who was literally on the front lines of our war against Al-Qaeda, in the federally administered tribal areas, a dangerous place, learning the local culture, using development assistance to win the hearts and minds in a key battleground, and I truly believe that she was contributing and is contributing significantly to America's security, but could do so much more.

These remarkably dedicated people are, without question, the unsung heroes of American foreign policy. And, folks, to live up to our responsibility, we've got to make sure that we give them the resources that they need in order to deliver on their talent.

Today's imbalance between our military and civilian capabilities actually places undue burdens on our soldiers, too. A lot of people don't sort of see that connection. But often the soldiers are left behind to pick up the slack. Distracted from a military function for which

they were, in fact, trained, they are over-deployed as a consequence, picking up functions traditionally reserved for highly trained civilians because we haven't taken time to train enough of those civilians and to deploy them.

In the early days of the Iraq war, we had soldiers building sewage systems, handing out small enterprise loans, and broadly engaging as mayors, police chiefs, and judges in a community. In Afghanistan, as one article put it, we're asking our soldiers to be combatants, cultural anthropologists, hearts and minds winners, and then combatants again.

Frankly, it's a remarkable feat that they do accomplish when they accomplish it, with incredible courage and competence. But they need the help of a civilian capacity that is a multination, multilateral civilian capacity, where there are experts in reconstruction communities and winning the peace, and where you have more than one country on the ground or more than two or three putting their stake in these values that are represented in those endeavors.

The Secretary of State, as we know, is the nation's chief foreign policy officer reporting to the President, but she is operating today with a remarkable imbalance that has been institutionalized.

Choices on military assistance and arms exports are fundamental to our diplomacy. And going forward, the State Department needs the people, the tools, the authority to manage this aspect of our

foreign policy, as well as the other missions. Now, this challenge is not new, it pre-dates the past administration even, and it stretches beyond party lines. Even those leaders who have recognized the problem have actually failed to marshal the resources to solve it, all of which begs the question, how do we finally strengthen our civilian institutions to adequately address the challenges of the 21st century that we understand and that I have addressed?

Well, there's a long-term answer and there's a short-term answer. Over the long term, we need to take a close, hard look at exactly what we want our diplomatic and development institutions to achieve. We need to define the mission with greater clarity, and we need to understand its limits, and also its possibilities. And we need to make sure that we give those people the resources they need to get where we have decided they must go.

We must also undertake a full strategic review, assess strengths, weaknesses, map out the options, consider their implications, and determine what is in the best interest of the agencies and the country itself. But we can't afford to wait to put this grand vision and this larger institutional capacity to work; we've got to do it now. Our growing and gathering challenges do not allow us, they just don't afford us the luxury of not recalibrating quickly. In the short term, there are urgent reforms and actions that we should undertake to offer more immediate help for U.S. diplomats and development professionals who serve on the front lines

around the world. Turning first to the diplomatic core, we need to rebuild the basic capabilities in three key areas: first, we need more resources and more personnel. Having too few personnel means that we lose opportunities that constantly fall through the cracks. I've been to Hong Kong, listened to foreign commercial service people say "there are only three of us here." We can't keep up with all of the other countries who are responding to the RFPs from countries for business. We lose hundreds of thousands of jobs because we don't even adequately resource our ability to sell our business and to help our businesses sell their goods.

It also over-stretches our existing core and prevents them from investing the time to develop the skills that we need going forward. I'm pleased that the President has committed to hiring 1,500 new officers over the next two years because there's simply no substitute for smart, well trained, and capable Foreign Service officers on the ground.

But let me tell you something -- that is just a beginning. A small down payment on the kind of work we need to do in country after country. Second, we need to make sure that our diplomats have the training, the education, and the support that they need. We still have an enormous language gap in this country. It is shocking to me the numbers of people in the United States who can't handle a second language. Now that's changing because of demographics.

In the Foreign Service, obviously, we have a great training program and there are, you know, far and few between who don't speak several

languages. But we need more people in more slots, not just FSOs who have that kind of ability. And we need to encourage those Foreign Service officers to take rotations at other agencies and to be in details at international organizations so we can work with them to do a better job and be represented.

We must ensure that America has high performance, high quality embassies. In too many places I've seen fortress-like embassies that present a foreboding and hostile face of America to the world. I think we need embassies that meet modern security requirements, but you don't have to undercut the image of America that we hope to portray in the building of them.

The third priority is to build a more responsible, flexible department itself. We need an organization nimble enough to quickly respond to emerging situations; move personnel, move material promptly to address an emerging crisis on the ground. And while our staff security is paramount, particularly in certain places today, we also have to give them the freedom to be able to go out and do their work. There's a balance there. I understand that but it has its risks and we have to accept some of those risks in the interest of the initiative that can be put into place by some very creative people on the ground.

The setting for -- I guess this is a complete diversion, but just, you know, all you have to do is go read *Three Cups of Tea* and see what Greg Mortenson did in Pakistan with schools, and Afghanistan, and get a pretty

good understanding of how you can counter risk through relationships and through the indigenous protection that comes because people say you're with them, not against them. And there's a whole discussion that could be had around that.

The setting for today's diplomacy is very different than it has been in the past. The Department of the future has to be equipped to operate as George Marshall did in Paris and Berlin, but I'll tell you what, much of our work is going to be done in places like Beijing, Baghdad, Kabul, Islamabad, and a lot of other places many more troubled than those that I mentioned.

There are also immediate steps that we have to take to rebuild USAID and other foreign assistance programs; I know a topic of great concern here in Washington and it should be. We need to clarify the policies and the goals of our foreign assistance. There is no overarching policy for U.S. foreign aid today or for development today.

By one count, the Foreign Assistance Acts actually list over 150 policy directives and goals. And when you prioritize everything folks, as you know, then nothing is a priority. Dramatically pairing down that list and focusing on the ways we deal with today's global challenge, it will dramatically change the possibility of strengthening the focus and the impact of our programs.

Second, we need to bring greater coordination to those aid efforts. We have over 20 agencies implementing a slue of aid programs, often

with very diffused and even conflicting goals. Right now while 60% of our foreign aid goes to ten countries; get that. 60% of our foreign aid to ten countries for political, military, counter narcotics, and HIV Aids; the other 40% is spread thin in 140 plus countries.

Obviously, I think it's obvious, we need a more balanced approach. And part of the balance will come by committing adequate resources so you're not playing the spread thing, rob Peter to pay Paul program that we've been stuck with. So we need the balanced, comprehensive development strategy to determine which agency is in charge, what we hope to achieve, and how to best accomplish our goals.

Third, we must strengthen our professional expertise in capacity and the delivery of aid. The need has never been greater to train and cultivate a generation of highly skilled public servants. We need agriculture experts who can plant bud resistant crops and foster a second green revolution in Africa. We need scientists who can develop new vaccines, and public health workers who can train people to deliver them to places that have never seen an American before.

We need engineers who can help the poorest countries in the world find clean development pathways and adapt to a changing climate. To attract top talent, we need to promote a results based culture of accountability in transparency and we need to restore intellectual capacity in policy and strategic planning to ensure that USAID is a place where innovative ideas can take shape and take hold.

Fourth; we need to streamline outdated laws and heavy bureaucracy in order to untie the hands of workers. The last time the United States Senate authorized the Foreign Assistance Act was the year I arrived in the Senate in 1985. That Bill runs over 400 pages long and is full of confusing directives, reporting requirements, and procedural roadblocks. We need to ease those burdens so that the missions, and those on those missions, can get the job done. I intend to work with the Administration over the next days to revisit the Foreign Assistance Act in this year.

Fifth; we must rebalance the relationship between Washington and the field. Recent reforms have kept most of the funding and policy decisions here in Washington and they undermine the primacy of the field. While this helps with bureaucratic coordination, it actually cuts out the expertise of those who are living on the ground, who have specialized knowledge of cultures, problems, and possibilities and to do that is really just to cut off our nose to spite our face. We need to empower country teams to shape programs, to determine needs, and even take calculated risks if they see a real strategic opportunity.

We're very fortunate to have a new Administration that understands the challenges that we face in the world and that I believe is committed to meeting these by reforming these institutions I've talked about. Congress obviously has a constitutional responsibility and the legislative authority to get this done. If Congress has been looked upon as simply a check writer

in this process, that's part of our own fault; we've embraced and expanded budget and expanded appropriations process at the expense of valuable means of oversight and policy making.

Aside from the Armed Services Committee, which passes annual defense authorization bills, the authorizing committees of the United States Congress have basically gone out of business of legislating. And this is a worrisome trend. The primary role of authorizing committees, like mine, is to provide policy guidance, and expertise, and to help shape the scope, and direction, and intent of our agencies.

That's where they're supposed to spend their time; that's why you're supposed to serve on the committee to understand those issues and not leave it to simply the appropriations process and to others who don't necessarily have the expertise. That's why I intend to be asking Senator Lugar to join me in introducing two new pieces of legislation. One, a Foreign Affairs Authorization Act that will authorize the State Department in related accounts and then initial Foreign Aid Reform Bill; that's the two pieces, the Foreign Aid Bill and the other.

Neither piece of legislation is going to bring a comprehensive reform all at once and I think you understand that. But you know what they will do, they will initiate a reform process and begin laying the ground work and providing a blueprint for the diplomacy and for the developmental institutions that we need.

The Foreign Affairs Authorization Act is crucial to our larger goals here. When we pledged to restore our diplomatic capacity, authorizing appropriate resources to do it is proof of our seriousness. There isn't a nation or a leader that I -- there's a nation I visited or a leader I've talked to that doesn't watch this closely and doesn't understand and read the messages closely. They know exactly where they stand in the pecking order of concern and it affects their choices.

In partnership with the Administration, I intend to use the bill I talked about to bring us to several, I hope, several critical steps closer to creating the strong Department of State that we need. Increasing the size, education, and training of the diplomatic core will be a top priority in this effort. We will also take a hard look at our diplomatic posture abroad and consider creative and efficient ways to make our embassies less imposing and also more environmentally sustainable.

I plan to work closely with my colleagues in the House of Representatives, particularly Chairman Berman, in moving this legislation forward. We have not successfully past a State Department Authorization Bill since 2002. I think it's time to end that and do what we need to do to define and take responsibility really for the direction that we're heading in.

Passing a Foreign Aid Reform Bill will also be crucial to revitalizing the developmental agencies I've talked about. One of the top priorities will be to reestablish policy intellectual strategic capacity in our foreign aid programs. For too long we have delegated the development in leadership

and innovation to others. We need cutting edge programs that push the envelope on ending global poverty and other problems and our development agencies ought to be leading the charge in that effort.

We also need to fight to hire and develop top talent. Another priority is going to be to develop a modern personnel system that will allow us to hire that top talent; to train them in the most advanced practices and techniques and to provide more flexible rotations and improved career development possibilities so we hold on to them. And we also can't aspire to -- can't expect to hire top notch professionals, away from the private sector folks, if we don't pay them a reasonable wage. And we need to make that part of this reform effort.

Finally, we all share the notion that we ought to be in the business of funding development programs that actually work. To that end, we are going to support efforts in legislation to promote the accountability to enhance transparency, to track performance with benchmarks or otherwise, and to distill the lessons that have been learned in a more comprehensive institutionalized way so that it's not haphazard when you're recommitting the next error and suddenly someone comes in and you say oh, God, we've got to look at what we did. But there's an ongoing process by which those evaluations are being made and you institutionalize the input of the previous efforts.

These legislative efforts, I believe, can be a precursor to a much larger, more comprehensive rewrite of the Foreign Assistance Act next

year. And we're going to need the cooperation of the Administration, needless to say, to engage in this. When John F. Kennedy spoke at the founding of USAID in 1961, he articulated a basic truth about foreign policy. He said we, you know, we can't escape our moral obligation to be a wise leader in the community of nations. And Kennedy warned, and I quote, "To fail to meet those obligations now would be disastrous, and in the long run, more expensive." He was talking about facing communism at that time.

"For widespread poverty and chaos lead to the collapse of existing political and social structures, which would inevitably invite the advance of totalitarianism into every weak and unstable area," that's what Kennedy warned us about. "Thus, our own security," he said, "would be endangered and our prosperity imperiled."

Well, just substitute violent, religious extremism and the current insurgencies across the world for totalitarianism and the quote is as accurate today as it was then. Just as we did in Marshall's time and Kennedy's time, America today has a chance to return to a foreign policy that is not just seen by people everywhere, but is actually felt and lived by people everywhere; one that translates the rhetoric into real values on the ground and real progress on the ground, and thusly, earns the respect of people because we do keep our word.

The good news is that just as we rebuild our civilian institutions, there are going to be extraordinary chances to lead in the process. We

are living in the moment of volatility that I described earlier. But let me tell you emphatically and with optimism:

This is a moment of enormous possibility for global cooperation, for the transformation of our economies, and for dealing with the issues that aren't rocket science in their demands for resolution. They are mostly a challenge to political will and to leadership.

I believe we can drop infant mortality rates. They dropped 27% worldwide since 1990. By 2015, we should set a goal that we're going to cut the under-five mortality by two-thirds. Life expectancy is now eight years higher than it was in 1990. Well, we can do better and we know that by cutting hunger and poverty in half by 2015, reversing the spread of HIV/AIDS, malaria, and other major diseases.

Primary school enrollment has increased by 10%. It's time we made it universal. And that incidentally is the only way, ultimately, to deal with the challenge of disenfranchisement in extremism and what we see in so many countries and so many parts of the world. And while we're at it, and while we're engaging in this effort to have this universal effort for education, we need to eliminate gender disparity once and for all.

As a proud father of two daughters, let me tell you, no child anywhere ought to be denied the right to learn just because she's a girl. And that challenge in Afghanistan, Pakistan, and other parts of the world remains paramount.

History teaches us that America is safest and America is strongest when we understand that our security will not be protected by guns and bombs, or military alone. It has to be protected by our generosity, by our example, by our powerful outreach, by instilling a palpable sense in the people of the world that we understand and share in their destiny. That has always inspired people and it will in the future.

It undercuts our enemies, it empowers our friends, it keeps us safer and this is the opportunity that we're looking at today, folks, and I hope that we're going to come together with an unparalleled sense of the possibilities and destiny that make this happen. Thank you.

Thank you very much. I'd be delighted. I gather we have time for a little bit of Q and A, and I'm happy to do a little bit of Q and A. Yes, sir, yeah, right there. I think you were the first to pop your hand up. Just identify yourself, tell us what… agency you're with.

MR. GREEN: My name is Andrew Green, I was formerly a Senior Democracy Fellow at the DG Office of USAID.

SENATOR KERRY: I couldn't hear. Can you hold it closer?

MR. GREEN: Formerly a Senior Democracy Fellow at USAID's DG Office. Now I'm in consulting. As the Chairman of the Senate Foreign Relations Committee and as a deep expert in foreign policy, could you please lay out for us your views on the role of democracy and human rights and U.S. development assistance? In other words, how

does democracy and human rights fit into the world that you would like to see?

And I'm asking because there are I mean a flurry of reform proposals out there. But two days ago, the Security Studies Group at the Center for American Progress released a global development strategy that calls for the intentional exclusion of democracy and human rights from development strategy, with the rationale that the form of government doesn't matter for economic development.

SENATOR KERRY: Well, that's a central and very tough question which has to be approached I think without emotion, though human rights are emotional, and the plight of many people in the world obviously is horrendous and unacceptable and a challenge to all of us. But I think we have to be a little more mature, frankly, in some ways as we think about what to press when, how to press certain things.

Democracy and human rights are in the American DNA. It will never be absent from our dialogue, it should never be absent from our diplomacy, neither issue should take a back seat in terms of defining who we are as Americans, and as we engage in countries, it has to always be part of the discussion.

I have never sat with any president or prime minister or leader of any country, no matter how friendly we are and no matter how much we're pushing, where if there is a human rights issue, I haven't raised it.

In Syria recently, I talked with President Assad, as we made great progress on a lot of issues about the Damascus 12, and about Riyad, who is in jail, and so forth, and likewise, with China and others. But there has to be a balance. You can't deal with everything, always, all at the same time, you just can't. And we've made grave mistakes, because sometimes we've put the cart ahead of the horse. I'll give you an example. In the elections in the West Bank in 2005, the Palestinians warned us many times and said we're really not ready for an election, we shouldn't have one right now; the Israelis warned us many times and said we're not ready for an election, this is not the time, if you have an election, Hamas is going to win. And it was really the insistence of the Bush Administration, insistence that the election go forward that brought about an election that, indeed, resulted in Hamas being elected.

Now, if you're okay with elections and you're okay with accepting the results, then maybe that's one thing, but then the administration turned around and basically ignored the election, nullified it, and we are where we are today.

So you've got to make choices, and you've got to be smart about how you do it. Now, do I believe there should be a report that comes out that absolutely and totally separates it? No. I think there are moments where your aid program or economic development program will clearly be integrated into and have some bearing on whatever events have occurred in that country. If there would have been a – immediately a

moment ago, and democracy had been trampled on, or if there had been a massacre of protestors, or people had been thrown in jail or so forth, it would be very difficult to say we ought to go invest a whole bunch of money and do this or that. On the other hand, there are countries where we could make enormous progress where there may be some institutional conflicts with respect to human rights or democracy, there are, you could run around the country, world, and we deal with them.

But where the developmental programs and the aid programs are, in fact, doing more to advance the transformation than a direct confrontation on that particular issue.

So I think you've got to be – I'm not for hard, fast, you know, prophylactic rules here that say it's only this, it's only that, I think you have to exercise wisdom, judgment, discretion, and take each situation as it comes along, and that's the way I think you're going to have a far more effective policy. Yeah.

MR. ECKERT: Mr. Chairman, Paul Eckert of Reuters News Agency. I was struck by a point in your committee hearing last week with Envoy Richard Holbrooke on Pakistan about the need to get out in front in the information war with the Taliban, and your legislative efforts under the – to do that, and I wonder if you could expound on the aims in that specific theater, as well as more broadly say in the Islamic world, public diplomacy as part of your goals?

SENATOR KERRY: Well, public diplomacy is a central, that's one of the top priorities, major priorities of diplomacy, and we have not pursued it very carefully or effectively. We haven't thought through often the kinds of language that we use, we haven't thought through sometimes the particular program, like an aid program or something else that we engage in in a particular place. We've never really prioritized the, you know, how we are going to reach large segments of a population or large populations, and speak to them directly, and/or even counter the propaganda/impact of wholly owned, state owned outlets and so forth.

I think we can do a far more effective job. The fact is that the Voice of America for many, many years did a brilliant job. I mean if you listen to Vaclav Havel or you listen to other people talk about what brought them to freedom and to the risk taking they came to, they listen to Voice of America. And for many years, Voice of America had the reputation of being a trustworthy news outlet, it lost that. It became overly politicized, propaganda, et cetera, too much an outlet of the government, and it lost that ability to connect to people to some degree, and now, of course, there are a whole bunch of different ways in which people get their information, the DBC, CNN, other things have replaced that in many parts of the world.

But there are a lot of parts of the world where we have no message at all reaching people, none, and we don't even try. I'll give you the classic example in the context of what Dick Holbrooke was talking

about. There are about 140 FM stations out in the western part of Pakistan, in the northwest province and in the Fatah, many of which are on the back of a motorcycle, or in a car, or you know, a small shop, and they're broadcasting, and what they do is, they broadcast fear.

They literally announce on these stations who's going to be beheaded, or they will announce, and then they do it, or they're going to announce who, if they don't change something by the next day, will be punished by the court, and the behavior changes, and everybody is terrified. They pack up and leave or some other alternative. That's communication. They are circulating videos of people being beheaded; you can buy one for $1 in western Pakistan, and watch some poor soul, you know, be beheaded, and they use this as an instrument of fear. We've had nothing. And the government of Pakistan, incidentally, has had nothing coming in to counter that. So what we're talking about, it will be different in different places, it has to come from different sources in different places. The most important thing is to build up credibility about truth telling and about, you know, to have alternative means of having news reach people, and we need to put a large effort into that together with other moderate Arab countries, with others in Western Europe and so forth.

Now, that said, we also need to do a better job of deciding sort of how we approach the Muslim world. I have long believed – I've engaged in this actually. Last year I had the privilege of giving a speech

at Yale Divinity School with Tony Blair, at the invitation of the folks there who were hosting a conference with about 70 Mullahs, Imams, Clerics, Muftis from around the mid East, and other parts of the world actually, from the far East also, who came to New Haven for a five day conference together with 70 Evangelicals from America.

So you had Dr. Robert Schiller sitting there and a bunch of Theologians, and what I talked about was the commonality of the Abrahamic faiths and the linkages that we never hear about. And we need to do a better job of communicating to Islam, to Muslims around the world. We need to empower moderates to be able to reclaim the legitimate religion, not the hijacked one that you see in its extreme application by the Taliban in Afghanistan and Pakistan, but the legitimate one.

And, obviously, one of the problems is, within Islam, there's no one figure like there is in the Catholic Church. You have a whole bunch of different people issuing Fatwas for different reasons, and there's not the same stream of accountability.

We have to communicate better. We have to empower many of those moderate leaders. They're engaged; King Abdullah of Jordan, King Abdullah of Saudi Arabia have been leading an effort on an interfaith dialogue, they had a very important conference in Mecca, another important conference in Spain.

If you go back a year ago and read a sermon given by the cleric at Mecca, as a result of that, in the last days of the Haj, you will read

a very powerful statement from a Muslim leader about tolerance and about, you know, pluralism and co-existence and so forth. So our diplomacy has literally – we just didn't do that. The last eight years it's been do this or else, my way or the highway. And, of course, the implications of what we did in Iraq are profound. I cannot tell you how many people I've heard from in the region who tell me their lives have been turned topsy-turvy as a consequence of America's sort of, you know, ignorant and arrogant dislocation of a balance that existed between Shi'a and Sunni, and now it's been topsy-turvy. And Iran is stronger today as a consequence of that. So we're less trusted.

All of these things – this is what public diplomacy is about. How do you address those perceptions and speak more directly to people's needs and concerns and perceptions? I believe that Barack Obama has begun to do that.

I know that he is very popular in that region for his efforts to reach out. His comments in his Inaugural Address, his subsequent Al-Arabiya interview, the fact that he will go to Egypt and speak, that's public diplomacy, folks, that's what we need. But we need more of it all the way down, filtering down, and we need it reinforced by the policies that we adopt underneath it, because you can undo all of that with an Abu Ghraib -- or the wrong moves in Afghanistan and so forth. And I think that if we reinvigorate our thoughts about communication within the framework of diplomacy, we're going to do a lot better.

MR. DERVIŞ: Senator Kerry, I think we have two more questions. I'm charged with protecting the Senator's time because he does have to – I think traveling is on the calendar this afternoon. Yes.

SENATOR KERRY: I think we have some votes coming up here sometime, which is my problem.

MS. LUBAN: Thank you. Nancy Luban, I'm with JNA Associates, a research and consulting group that focuses on aid in the former Soviet Union. And I'm curious; one of your last points focused on the need to promote accountability and transparency in our programs, and I'm just curious what you have in mind. Are you looking at particular legislative initiatives, are you looking at more congressional oversight hearings, in which case, on what, are you looking at institutional changes?

But I had in mind both to have more accountability and money not being wasted, but also ensuring that programs that work are continued and those that aren't are –

SENATOR KERRY: Well, we're looking at all of the above. I mean I think I said in my comments to you that if you've got 150 different priorities, you're going to have to pick some of them more effectively. We don't have unlimited resources. We have to do a better job of building with our allies some of the set of priorities.

We're now starting to do that, for instance, in Afghanistan, because through the NATO effort, we've reached out and we're trying to coordinate more effectively who's doing what, how much they can do, the

French are going to take more of a role with respect to police training, different – the justice system, people are going to be – so we're defining those responsibilities in a multilateral way. That's the beginning of the kind of reform effort we need. So we aggregate the resources that are available to us.

We also have promised, and we've put it into the bill, the Kerry-Luger Bill on Pakistan. We have benchmarks, so that we require the administration do a very serious measurement of whether or not we're getting any return on that investment. Is it being spent for what we sent it to be spent for? Is it being spent well, effectively, and so forth? We need to look at all of those kinds of questions. There's also an enormous amount of bureaucracy. We have to reduce the bureaucracy; we have to get tough with ourselves. We have to try to figure out how we deliver more for less, and it's doable.

Once again, I come to this example of *Three Cups of Tea*. I mean Greg Mortensen was building schools at a quarter or less the price that the same effort would have been done under USAID, and he was doing it, getting the local people to do it and invest in it and care about it, and therefore, help protect it as opposed to, plunk, here we are, plunk it down, there it is, target gets blown up and nobody cares.

You know, we've got to be smarter about how we go at it. So that's the kind of thing we're going to try to put into the legislation, but

also, you know, we want to do it in a way that doesn't create more bureaucracy in and of itself. So one more.

MR. WORTHINGTON: Hi, I'm Sam Worthington, InterAction, and we're the largest umbrella of US NGO, so I appreciate your praise of an NGO's work. And I think one of the realities we've seen since 911 is tens of millions of Americans giving of their own dollars to the US NGO community overseas, which as a result, have been literally hundreds of thousands of staff on the ground working in Taliban areas and others.

So it's a two part question, because we recognize that development is a long term process, so how do we relate this long term process with shorter term political objectives?

And the second part is, can the U.S. government – how can the U.S. government, in this new legislation, better partner with groups like the U.S. International Non-Profit or – society?

SENATOR KERRY: Well, I think, you know, it's got its risk. I'm going to take the second part first. It's got its risk, but I think if you go to what I was talking about, the field versus Washington, you've got to trust some of these folks out there in the field to be able to make their judgment about how they think they're going to do this, and you hold them accountable. If it works, more power to them; if it doesn't work, you know, that's the choice they made about their career and what they're doing. But that's accountability, rather than dictating it from here, from a bunch of folks who may have a whole different set of other priorities.

I believe, because I've met so many of them traveling around the world, they're just – they savvy. And every time I sit there, I hear a better presentation than what I usually get in Washington about what's happening on the ground and how to respond to it.

And I think we have to give that more license and capacity. Yes, you're going to have some failures, and yes, as a result, you know, you're going to make some changes. But I think we're going to get much farther through that kind of initiative.

And that also is reinforced, incidentally, by the experience that our Marines had in Anbar Province, where they were the ones who discovered the Anbar awakening. That wasn't discovered by Washington. It wasn't a classified report of the Joint Chiefs of Staff or something, it was the guys on the ground saying, hey, I'm able to work with these guys, we're getting this done, we've built up a relationship, we've got some trust here, and then that grew into the understanding that they really had an interest in getting something, protecting their lives, and we learned how to do it.

So I think that that's a key way to sort of empower people on the ground, that's how you decide to do it. You're never going to institutionalize an ability to be perfect in deciding what you're going to do and where you're going to invest your money, you're just not going to do it.

Now, on the larger question of what you said, how are we going to get people to sort of, you know, understand this, folks, this is a matter of defining your national security properly from the beginning.

We've been through a long period of time where national security has been simplified into slogans, most of which are based on fear, and most of which have been erroneously targeted on translating everything into "the war on terror." And it's been mostly, you know, kinetic, it's been large forces.

Now, finally, and I think this has been ratified by the change of command in Afghanistan, General Ma Crystal is, in fact, you know, he's been chosen to do this job because he completely understands the other thing that I was just talking about, how you empower grassroots up, how you find the bad guys without having to have an enormous military footprint to do it, and how you go after them in ways that don't wind up undoing everything else that you're trying to do through the investment you've made on the ground. That's going to be, I hope, a smart application of this that can change the dynamics.

And he also understands you've got to get people to take a stake in their community, you've got to re-empower the tribal component of this.

One of the things that has just leapt out at me in the last years, mostly because of the nature of our struggle against extremism and, you know, the insurgencies that we face, is really something that

America has always overlooked to a great degree, and the British abused, and that is tribalism.

And the fact is that these countries are just very, very different, different culture, different place. Afghanistan has never had – it's had a national identity, Afghanistan, but they never translated that national identity through a Kabul government, they always translated it through their allegiance to the Monarch, and their own definition as an Afghan, but who controlled their own valley, or their own, you know, river area or whatever.

And, you know, the British came along, and Lord Duran just drew that line right through the Pashtun, and you get the Pashtun over here in Pakistan, the Pashtun over here in Afghanistan, and we're sitting around saying, well, how do we keep them – how do we get the border to – well, folks, it's never going to mean anything.

These are brothers and uncles and cousins and people who have traversed that line for hundreds of years. And what we need to do is sort of communicate publicly in ways and have plans that sort of show the key is to make the border irrelevant.

And you make the border irrelevant by making sure the Pashtun on both sides are being satisfied in their empowerment within their communities to make life better for their people. And that means less civilian casualties, it means a whole bunch of other things that we have to

do in order to change the dynamics of this counterinsurgency. If we do that, then we have a chance of empowering people.

So that's the bigger piece, and you say how do you do it, we've got to convince Americans that their national security is legitimately at stake in these endeavors, and reconnect them to come back full circle to the success of the Marshall Plan.

Most people in America, if we had left the Marshall Plan up to the devices of the country, we wouldn't have had it, because the majority of the country was against it. It was presidential leadership that said we're going to go do this, Harry Truman, they put it in place, and the result was, we rebuilt Japan with a constitution, and it's now one of the most reliable allies in the world.

We rebuilt Germany, and most of Europe, and look at Germany now as a, you know, partner in so many different enterprises, you can't count them all. And Germany now, incidentally, is about to have more people working in green technology, alternative energy, than they have working in the automobile industry, because they understand and are applying the very principals we taught them. That's the value of this.

And if we can just, you know, the President has got to do this, the Secretary of State has got to do this, we, in Congress, have to do this, and we need a responsible press that doesn't reduce this to an alternative of either spending money on a bridge in Boston or in, you know, Louisiana or somewhere, but really shows people this is an

investment in our long term security. If you don't want people walking into malls and blowing themselves up, if you don't want – I mean just today, we read about four guys arrested in Upstate New York who were planning to bomb some synagogues and who actually bought bombs, and they were fake, so therefore, no explosion, but they're still plotting out there, and the way to ultimately do that is to strip away the incentive for people to view the United States as the problem, and that's what public diplomacy is all about. Thanks.

MR. DERVIŞ: Senator Kerry, thank you so much. Thank you for sharing this very clear and strong perspective, all the dimensions of the problem. You have an incredible command. I know you have to leave, your colleague said you're traveling this afternoon, so thank you very much, and I hope we'll have you back.

SENATOR KERRY: Thanks, Kemal, I appreciate it, thank you.

MR. DERVIŞ: Thank you. We now have a panel for another 45 minutes or so.

(Pause)

MR. DERVIŞ: Well, we're going to continue the discussion now with two very distinguished panelists, and I'm very happy to be able to welcome both of them, Ambassador Stu Eizenstat, who, after what Senator Kerry said, I will still say a few words of introduction, because he

said, you know, don't say people don't need introduction, but you really don't need an introduction.

You've been on the domestic side of policy in the White House under President Carter, you've been the Deputy Secretary of the Treasury, the Under Secretary for Economic Affairs at State, and I think that's when we first met, and you really looked at these problems of development and diplomacy from so many different angles. So all of us here, we will be very, very happy if you shared your perspectives and also your reactions to what you heard Senator Kerry say.

And we have Jim Kunder, who was Acting Deputy of USAID, Assistant Administrator for Asia and the Middle East, and of course, Asia and the Middle East, that's a big chunk of the world, not all the world, of course, but a very big part of where the biggest problems are. And so I welcome you both warmly to Brookings and turn it over to Stu Eizenstat right away, six – seven minutes each, and then we'll have some discussion.

MR. EIZENSTAT: Thanks a lot. I certainly endorse a great deal of what the Senator said, and I think it's very exciting to think of having a foreign aid bill and a foreign affairs authorization act for the first time in a decade.

I want to base my remarks significantly on a report that I co-chaired for the Center for Global Development, which dealt with failed

states and a U.S. national security, and start with a couple of propositions. The first is, let's not throw the baby out with the bath water.

There are some very good things that happened during the Bush Administration which one should build on. For example, the Millennium Challenge Corporation, the MCA Program, the Assistance for Good Actors is a very important program, it should be kept, it should be expanded. I would like to see it better coordinated with USAID, perhaps by having the new Administrator of USAID chair the Board of the Millennium Challenge Corporation, but I think it would be useful to keep it separate identity. Second, I think it's important, as President Bush did, to put a great emphasis on HIV AIDS, and I know that's something that's also near and dear to the heart of President Obama. But I think what we need is a complete integrated holistic strategy for looking at AID as part of an overall sustainable development effort for the developing world, and not look at things in silos.

I've been in many silos, as was suggested, and what I want to suggest, and what was suggested in our report, is a more holistic approach to sustainable development that would include the following; the first would be a total immediate free market access that would be for all sub-Saharan African countries, all heavily indebted poor countries, and all developing countries, so that we create a tremendous impact economically.

When we talk about foreign assistance, that's fine, but it has to also be tied to trade flows. If you look at all those countries, they represent only a little over six percent of our imports. This would not be a tremendously politically difficult issue if it were sold properly. So I think having a market access initiative is important, and that, in addition, we can do that unilaterally on our own, should be tied to completing the Doha development round, where we move to eliminate as much as possible, all agricultural export subsidies, all substantially reduced domestic agricultural incentives, build on the agreement that was reached a year ago by the EU and U.S., and try to get India now, with the election over, and China, which had blocked the final agreement, to move forward.

This would be a tremendous effort, this would be an enormous boost to the world economy, and it would be without any deficit impact. It's like a free tax cut for the world. So tying market access to our own market, to a broader multilateral effort, would be significant.

Second is debt relief; we need much wider and deeper debt relief than the heavily indebted poor country initiative. It should apply to all low-income countries, even those that have some access to the private commercial market, with the notion of trying to reduce debt to about two percent of GDP.

Third, we need to support increased private sector investment in developing countries, and we should do that in a couple of ways. The first is to reform OPIC. OPIC is the primary facility to ensure

U.S. investments, but it is, frankly, by protectionist efforts, restricted in the areas in which it could be encouraging investment in developing world, in precisely those areas where the developing world can have the greatest impact. So its charter should be amended so that it can provide insurance investments and labor intensive manufacturing in developing countries.

In addition, I would like to see an expansion in the investment area of what we call the QIZ Program, Qualified Industrial Zones, which were used in Israel and with all countries which had signed peace agreements with Israel. There are now over a dozen in Jordan, there are five or six in Egypt, and there was a very successful one in Gaza before the second -- which I visited in July of 2000, my last official visit there, in which 1,200 Gazans were employed in the Qualifying Industrial Zone there.

Essentially, the concept is, use as little as ten percent content for Israel and you can ship duty-free back here. That can be extended to the Magra using, for example, the U.S. Morocco Free Trade Agreement to cumulate products in the Magra, it can be used, and there are suggestions that it be used in Afghanistan and Pakistan. This is a way of increasing private sector investment, as well. In addition, we need to develop creative financial facilities through the IMF and the World Bank, through derivative programs, insurance packages, hedging strategies, to help protect developing countries against volatility in the commodities upon which they depend.

Next is on governance, anti-corruption, and democracy, and this was one of the questions that was asked. And I certain agree with Senator Kerry that we have to be selective with respect to how we apply democracy and human rights. But I would like to take that a step further.

I think we need to build into our assistance programs to a much greater degree, a governance, democracy, and human rights component. Democracy does not mean, as Senator Kerry suggested, going immediately to an election in countries that are not prepared for it. But that's not an either or issue, it's not either having an election tomorrow in countries not prepared or doing nothing.

Indeed, what we should be doing is to build the infrastructure so that elections are meaningful, that is, working with civil society, developing independent judiciaries, developing the capacities for elections. Elections are the end of the result of democracy building, not the beginning of it. And we ought to build in that tremendously into our projects. And closely related is the issue of corruption. I believe with all my heart that you cannot have sustainable development in developing countries unless you deal with transparency and corruption. That means that we need to build on the UK's program, which Tony Blair promoted, the so called EITI, the Extractive Industries Transparency Initiative, it means that we need to push for transparency wherever possible, we need to be very tough on our own countries, we need to enforce the OECD anti-

corruption provisions which I helped negotiate, we need to make sure that corruption is to the maximum extent ruled out.

If you have corrupt societies, all the aid in the world won't help, it'll just go into the pockets of the rulers. That's why we have such problems in places like Afghanistan and Pakistan. The Congress is passing a massive increase in assistance for Pakistan, and God bless them, it should be done and it's necessary. But unless we find ways to deal with the corruption there, that money will not have its impact.

Now, there are a lot of ways to do it; I mentioned the EITI, but I think one way to do it is to develop more of our assistance straight to NGO's, let more of that assistance go through our NGO community or international NGO's rather than through corrupt government hands. That's going to be controversial, but it's absolutely necessary.

Next is developing a surge capacity, that is, have a billion dollar no year program available to the President of the United States so that when a country in transition can use money to bulge for that transition, when we go from a military dictatorship to a budding democracy, there is money that can be injected, and combine that with a civilian rapid resource unit, an interagency group that would be trained to go in representing all the kinds of disciplines that Senator Kerry mentioned.

And last, and perhaps – well, let me mention two other things; one is the security component. You can't have sustainable

development without security. That means we need to do more for regional peacekeeping, we need to do more to build up the militaries and police. We need to end some of the restrictions on assisting, militias and peacekeeping forces and police in developing countries.

Now, the last piece is how you structure the AID. I've suggested perhaps linking through the chairmanship of the MCC AID. But we should think perhaps even more boldly, and that is developing something along the lines of the UK's own Department of International Development, and thinking and debating whether we should have an independent agency, a totally cabinet level department of international development which would help pull together some 53 different entities that have pieces of foreign assistance today.

It would clearly have to be very closely linked with the State Department, with its ESF programs, but I think it is time to start thinking about that kind of major structural change.

So the bottom line is, aid is only one piece of a broader strategy that needs to be employed to help developing countries. It needs a private sector component, it needs open markets, it needs investment, as well as a reformed AID program. Thank you.

MR. DERVIŞ: Thank you very much. Jim, your reactions.

MR. KUNDER: Well, can you hear me okay? I'm going to stay right here rather than go up to the podium. Senator Kerry is a tough act to follow, and I found very little in his comments to which I violently

disagree. What I thought I would do is just make five really quick points on – based on having just fought through some of these bureaucratic battles that might operationalize some of the ideas he put on the table. And first, picking up on something that Ambassador Eizenstat just said, I think you need to take a look at point one, is, we need to take a look at the whole topography of how we are projecting smart power to reach poor men and women in the developing world. We need to set aside at the first level of analysis all the bureaucratic battles.

We need to stop thinking about USAID or the State Department bureaus, or OPIC, or US – and ask ourselves a fundamental question, how do we project the best of what America has to offer to benefit the men and women of the developing world? And that requires us to take a broader look at how the world has changed in the last several decades.

USAID statistics indicate that if you analyzed capital flows from North America to Africa 40 years ago, 80 percent of the capital flows were official development assistance, it was foreign aid, because, obviously, there wasn't that much going on with foreign direct investment and trade. Today the numbers are completely changed. Eighty percent of the capital flows from North America to Africa are on the foreign direct investment and trade side. So if you want to reach poor men and women in Africa, you need to take a look at what we need to do, as Stuart was just saying, with trade, and we need to look at investment, and we need to

look at public private partnerships, and we need to look at what American universities are doing in Africa, and we need to look at high tech issues.

I think many of you know this story that appeared in the Washington Post a couple of months ago about Indian fisherman who, for centuries, have been mired in poverty because they collect sardines, they take them ashore, and the local merchants say here's what we're paying for sardines today, it's 115 degrees Fahrenheit, take it or leave it.

And what we've done, of course, is, provide cell phones. So now the Indian fishermen calls in to port A and says what are you offering, and when they tell them it's this price, he calls in to port B, and all of a sudden the price of sardines and that family's standard of living goes up dramatically.

So we need to take a really broad gauged look following what Senator Kerry said about how do we need to look at all of the tools of the U.S. diplomacy and development before we make organizational changes within the U.S. government. Point two, having done that kind of analysis, I end up at the same point as Ambassador Eizenstat; you don't have to call it USAID, but I believe to carry out Senator Kerry's vision, you do need some center within the U.S. government focused on a development perspective on the world.

This is not an anti-State Department comment; I'm empathetic with how the State Department feels after several years of being buffeted by DOD. But I think we need to do better than what we did

with USAID and just meld it into the State Department with the development perspective.

We need to have some center of activity, some center of individuals, and some center of intellectual heft that is looking at a development perspective on the world. So whether you call that USAID, whether it creates some new entity, whether it's a department, whether it's an independent agency, I don't think any of this works, any of what Senator Kerry was talking about, unless you have some center – bureaucratic center within the U.S. government focused on development. And my third point would be, again picking up on what the Senator said, we do have to operationalize this with some rigorous model of a strategy. Senator Kerry said that one of George Marshall's great contributions was, he had a clear picture of where he wanted to go, a rebuilt Europe, a rebuilt Japan. I think you need to do more than just say we need more people, we need to rebuild language capability. We need a powerful development model. And I believe a powerful development model implies a quantitative development model.

I'm fully aware of all the difficulties of quantification in the social sciences. I know that there are a lot of debates out there, whether it should be the millennium development goals or something different.

Some of the work we're doing at the German Marshal Fund attempts to look at the MCC-like models, a basket of global indicators by which we measure country progress that can take into account

development as reflected in human capacity building, that takes into account democracy and governance, that takes into account macro economic policy reform, that takes into account the corruption issues that Ambassador Eizenstat mentioned, but some basket of quantitative indicators that allows you to actually measure the difference between Malawi and Ecuador and make some reasonably powerful arguments to the Congress on how the development professionals are allocating resources. So point three would be, we need to really hammer that point of a U.S. government development strategy.

Point four is that, Senator Kerry mentioned this and I think Ambassador Eizenstat did, as well, the world has changed, it's not just USAID, it's not just a couple bureaus of the State Department, everybody is involved in projecting smart power abroad.

I am not one of those who think this is a bad thing. This is a good thing. It's a good thing that the Energy Department and EPA and the Department of Labor are caring about poor men and women in the developing world.

The problem is, how, within the U.S. government, we create a set of 21st century coordination mechanisms so this is all flowing more or less in the same general direction.

I like to joke that one of my jobs as Deputy Administrator of USAID was to take angry calls from U.S. Ambassadors, and a frequent topic of such angry calls was, what are you guys at USAID doing, you had

this energy team out here, they didn't even bother to check with me, they didn't get country clearance, and they're out meeting with the local – and I would say, sir, madam, let me check that out and I'll get right back to you. And, of course, I would check, and it wasn't USAID, right, it was the Department of Energy, or it was EPA, or somebody was out there.

We need to create beyond the NSC structure, beyond the interagency policy coordination meeting, some new set of mechanisms, I would argue, led by the development function within the U.S. government, where we get all of the U.S. government agencies pulling in the same direction, and reinvigorating our partnership with the NGO community, with the American university community, with the American research community.

One of the devastating impacts of the downsizing of USAID over the last several decades has been the loss of the capacity to stay current with the rest of our development partners and to make sure we're bringing the best and brightest of our thinking as a nation into the development process.

And a third part of that is, we've lost the capacity to partner with our multilateral and bilateral development partners. We simply don't have enough bodies, as Senator Kerry was saying, to keep up with what UNDP was thinking, and what the German development agency was thinking and so forth. So we need to think in terms of mobilizing a diverse stream of resources, soft power, smart power resources.

The fifth point I want to make, in closing, is a real straight forward one. Senator Kerry touched on this relationship between the U.S. military and the civilian side of U.S. government. I like to joke that I've had the opportunity to work at USAID, I've had the opportunity to work at Save the Children, and I've had the opportunity to work in the United States Marine Corps. I've seen this from a lot of different perspectives. I'm proud of our men and women in uniform.

But I took a note here, Senator Kerry talked about things that fall into the category of insult to common sense. Well, I'd like to leave you with one data point that I find an insult to common sense. USAID has 420 U.S. development professionals in Africa, 420 USAID Foreign Service officers scattered across the many countries of Africa.

The U.S. military, because we, as a nation, have determined that instability in Africa is a major security threat, have created U.S. AFRICOM, as you know, U.S. Africa Command. At U.S. Africa Command headquarters in Stuttgart, Germany, there are 1,600 personnel. Now, there's something fundamentally wrong if, as a nation, we've decided instability in Africa is important, we can only afford 420 development officers in Africa, but we can afford 1,600 people in Stuttgart to pay attention to instability in Africa.

So what I think we need to do is, pay serious attention to this question of rebalancing civilian and military leadership. And the game

afoot, the game in town right now is the CRS issue, the Coordinator for Reconstruction and Stabilization at the State Department.

It's not perfect, it's got its own set of warts, but it's critically important that the development community, in my view, get behind this notion of the Coordinator for Reconstruction and Stabilization function, so that the next time there's an Afghanistan or in Iraq, some place where the U.S. government decides to project soft power and hard power simultaneously, the civilians are in the lead, and they're out in front in the lead, and they're doing the strategic planning.

So I think, to fully make manifest Senator Kerry's recommendations of rebalancing, we need, as a community, get behind that CRS effort. So those are my five points, but I found very little what Senator Kerry's remarks that wasn't right on point, and thanks for the opportunity for Brookings to be here today.

MR. DERVIŞ: Thank you very much, Jim. And I think the comparison between Stuttgart and all the people who are in Africa was quite telling. We have about ten more minutes, you know, we're very squeezed for time, so I'm going to forego my own kind of roll here and really let the audience ask questions as fast as possible.

But I think what we'll do, instead of having one question and then the answer, we'll take two or three or four, and then let the panelists respond. Yeah.

SPEAKER: Thanks for the right to put the question.

MR. DERVIŞ: But please make it a question.

SPEAKER: Yeah.

MR. DERVIŞ: Okay.

SPEAKER: But if I put on the question without ground for this question, it will be not understandable how to answer. So my question is basically, continue what Senator Kerry said. He mentioned about bureau rights for education, but it's more general problem, gender slavery in Muslim world, it's – we need to be – to say about this publicly. It's – until you are not honest, no one trust you. So it's absolutely necessary to understand towards the problem, and connect it to gender slavery is demographic explosion in – it's no less dangerous than – explosion. So – and my question is, why not to say openly that the aid from United States will be conditional, not philanthropics. We must put some condition for our –

MR. DERVIŞ: Thank you very much.

SPEAKER: And I – second question.

MR. DERVIŞ: Thank you. There are others, too.

SPEAKER: Second question, if I can, without any grounds.

MR. DERVIŞ: Just quickly your question.

SPEAKER: Quickly.

MR. DERVIŞ: Yes.

SPEAKER: It's absolutely unnecessary a restructure of United Nation organization, its failed organization, and United States must believe in restructuring United Nations.

MR. DERVIŞ: Yes.

MS. NEGROPONTE: Diana Negroponte of the Brookings Institution. Currently, creative tension exists between the demands for, on the aid budget from the embassies abroad and the development of policies here in Washington. Have we got the balance right, or do we need to remoderate this?

MR. DERVIŞ: Any other questions? Yes.

DOCTOR LULA: Okay. I'm Doctor Lula, I'm a former presidential candidate in the Congo in the last election. My question is about the ongoing genocide in the Congo. Six million people died as the Jewish people during the World War II under the Nazi regime. Six million people is – 67 countries in the world would place then 300,000 people. And so to seven states here in America, that's less than six million people.

So I raise my question to the presidential candidates about the Marshall Plan, first of all, to bring the U.S. leadership in the region to bring peace in the region and then a Marshall Plan to rebuild the democratic Republic of Congo and also that will be the start of the development of the African continent. Thank you.

MR. DERVIŞ: Okay. This is the last question.

SPEAKER: Thank you. Senator Kerry spoke very fortunately about increasing funding for diplomacy and development, and he compared it to the defense industry, but we all know that, for defense, there's a lot of domestic support for a lot of the spending. How do we politically make it palatable to increase spending for development and diplomacy in the current economic and financial environment?

MR. DERVIŞ: All right. I said it was the last question, but I will add, I did have a chance to have one question I need to – and very quickly, in terms of the, you know, you mentioned the Department of Energy, Jim, but I had, in my own life, very often the experience of talking to a minister, particularly in small countries, or a head of a department, and here he would say, you know, I have had to receive 37 missions, visitors from international organizations, bilateral organizations, this country, that country, and frankly, I just have no more time to do my job, and I think this is, you know, in terms of how to structure, particularly the relation between the multilateral and the bilateral. I think I will start with Jim now, and then, Stu, you'll come after Jim.

MR. KUNDER: Wow, I could have a three day workshop on each one of these questions. I mean I think that – I don't think I can do justice to the question of conditioning USAID – U.S. AID around the world in this brief period of time. I think – my sense is, though, that the – picking up on Senator Kerry's point, the chaos in priorities right now is a major

cause why we're not able to sustain our global impact in any given area, whether it's women's rights or gender issues broadly.

So I mean, to me, a critical part is to work on this global strategy so that we are focusing on what some people have called a grand bargain with the Congress, some high priority issues that we're going to sustain U.S. foreign policy behind.

Creative tension, I think it's a great way to put it. I found myself pondering once again this question while Senator Kerry was speaking. I think that you've got to value the Ambassador's point of view and the aid mission director's point of view, because the system doesn't make any sense. Our value added is that we've put these people on the ground so they can actually talk to people in Malawi, for example.

On the other hand, I think the single most trenchant critique of U.S. foreign aid is that it's 1,000 flowers blooming, it's a lot of great things happening around the world, but I'll be darned if I can see what it all adds up to. So, yes, some creative tension, at least from the way I've looked at it as a manager, set some global priorities at the center, allow the tactical implementation of these things, you know, as makes sense in the country focused. The Congo, obviously, the greatest humanitarian crisis facing the world today, again, try to keep it in the focus of this discussion today.

One of the reasons I think we need more of a comprehensive strategic planning capacity within the U.S. government is

that incredibly complex issues like what's happening in the eastern Congo and the surrounding countries have trade and military and developmental and political, diplomatic aspects to it which we don't, as a government, grapple with very well right now because of all the diffused centers of power that Senator Kerry was talking about.

Domestic support for foreign aid, I think Senator Kerry was right, the iron is hot, the time is right. I'm an old guy; not since the height of the Cold War have I seen such a consensus in the United States that what happens in the developing world is important to people living in the United States of America. We lost that consensus. Now, for various reasons, we've come back to it. I think people need to speak forthrightly to the fact that this connection exists. And bilateral, multilateral, I have felt for a long time from all that – until – the worst thing we do in our relations with the multilateral partners around the world is, we don't speak with one voice within the U.S. government.

We create so much chaos around the world that we do need, I don't know if it's the DFID Model that Stuart talked about or something, but we need somebody who is coordinating all of this better, and that will make us, as a bilateral development agency, a better partner, both to our multilateral partners and to our bilateral partners around the world. Right now we do portray chaos to the outside world and that's not very helpful to –

MR. DERVIŞ: The outside world is also –

MR. KUNDER: I'm sorry I didn't do justice to your questions, but that's the quick answer.

MR. DERVIŞ: Okay. Stu, the last words are yours.

MR. EIZENSTAT: Politically, I think that the way you raise visibility is, you connect the instability and the lack of development in the developing world to direct national security interest, that it is a threat to our national security when you have instability, when you have failed or weak states that don't control their territory, that don't deliver services, and that become repositories for criminal gangs, for narco-traffickers, and even worse, for terrorists. I think that that connection is one that people understand, but it needs to be driven home, and when it's driven home, then you'll begin to get the kind of attention to it that we get on the defense side.

And, by the way, Secretary Gates himself is saying that, that we shouldn't, as the Defense Department, be the ones taking the lead, and he understands that connection, and the President does, as well.

Second, on coordination, whether or not there's an independent agency, what there absolutely should be in the National Security Council is a directorate on sustainable development that coordinates this that allows us to try to speak with one voice, that leverages what we do with other multi national efforts, in the World Bank, in UNDP, in the G-20, so that we can coordinate and speak with one voice, but also leverage our assets with all the good works that are being

done elsewhere, but each of which is being done separately, without coordination.

On Diana's point, I'd like to take it perhaps a step further, and I agree with everything the Administrator said, and that is, one of the beauties of the MCC Program, and one of the beauties of the Marshall Plan that wasn't emphasized is basically saying to the developing countries, you give us your priorities, we're not going to tell you what your – you give it to us, we're going to then, for sure, look at it, massage it, and so forth, but we want to know what you think should be funded, what does the most good for you.

The Marshall Fund acted very much like that. Marshall insisted, and that was really the formation of what – Ambassador of the European Union. If you look at how you started, it was the Marshall Plan insisting that France and Germany and others had to come together and to develop for the U.S. the kinds of programs that we should have.

So we should be listening to our AID people in the field, we should be listening to the countries and finding out from them what will do the most good rather than sort of imposing our own notions.

On the Congo issue, just a couple of points. First, I participated in a task force that was chaired by former Secretary of Defense Cohen and former Secretary of State Albright called the Genocide Prevention Task Force. There's not enough time to go into that, but there are a whole range of recommendations we made. But this is

where I get to my surge and rapid response. To the extent that you can get in countries, move from a genocide situation or instability or Civil War to the beginnings of a democratic movement, that's when the surge needs to occur, a development surge, where the President can immediately go, without earmarks. We've got too many earmarks, not too few.

You know, I'm a great human rights advocate, we have too – so the President can act and inject and provide a democratic reward, a transition reward, a post-conflict reward, and we can send in interagency teams, civilian teams, with all the capacities that our agencies have on agriculture, on science and so forth, so that there is a reward for moving from Civil War to a more peaceful process.

MR. DERVIŞ: Thank you very much, Stu and Jim, thank you very much for sharing your time and your perspective. This is a topic which the end of today is probably the most important, both the security and the human development. Thank you, and I hope to have you back soon.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

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