

# American Foreign Policy Priorities in an Age of Uncertainty

**Opening Remarks: Dr. Nora Bensahel**  
Senior Fellow, Center for a New American Security

**Speaker: Jake Sullivan**  
Director of Policy Planning, U.S. Department of State

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**MS. NORA BENSAHEL:** Ladies and gentlemen, we're about to begin our afternoon session. Good afternoon everyone. And welcome back to the afternoon portion of our conference today.

I'm Nora Bensahel. I'm the deputy director of studies and a senior fellow at the Center for a New American Security. And it's my pleasure to introduce Jake Sullivan to you today.

Jake Sullivan is the director of policy planning at the U.S. Department of State and deputy chief of staff to Secretary Clinton. Prior to assuming his post as director in February 2011, Mr. Sullivan had also served as deputy chief of staff for policy since January 2009. He also served as deputy policy director on then Senator Clinton's presidential campaign and as a member of the debate preparation team for then Senator Obama's general election debates. In his past life, before coming to these positions he also clerked for Justice Steven Brier on the Supreme Court and was a Rhodes Scholar at Oxford.

Today he's going to talk to us on "American Foreign Policy Priorities in an Age of Uncertainty." And for those of you who were here this morning, this fits in really nicely with our conference theme on risks and rewards. And I'm sure he'll touch on some of the topics related to the Middle East, Afghanistan and other places and the tradeoffs of those involved that we were talking about earlier.

So please join me in welcoming Jake Sullivan. (Applause.)

**MR. JAKE SULLIVAN:** Thanks, Nora. Good afternoon.

**AUDIENCE:** Good afternoon.

**MR. SULLIVAN:** At least one person said "good afternoon." It's a privilege for me to be here to help celebrate the fifth anniversary of the Center for a New American Security. I count myself as one of many members of the Obama administration who's an avid consumer of the center's products. And I've also had the honor of working very closely with some of your most distinguished alumni. Derek Shaleh and I are constant partners in crime and there's no one better on Asia policy than Kurt Campbell but more importantly no one more interesting or entertaining to travel with.

Today I have a modest objective which is to share some sense of what's preoccupying us, why we do what we do, where want to go and how we're working to get there. And more importantly, I'd like to hear your questions, your critiques, your take on what we're doing well, what we're doing less well and what just doesn't seem to add up.

I was asked to speak on the administration's foreign policy priorities in the complex world we confront today and I'd like to preface that discussion with a few words on what the foreign policy

project that President Obama and Secretary Clinton is all about.

Our objective is to enhance and sustain American global leadership so that we can most effectively advance our interests and values and solve shared problems in a changed and changing 21st century landscape.

Now, there's an ongoing debate between two schools of thought among modern international relations practitioners. One school is about promoting American power at all cost because it's seen as providing a context for everything else. The second school is about preparing the world for the inevitable rise of other actors wielding power and influence.

To us, the true challenge of modern American diplomacy is to blend these two approaches. America continues to play an indispensable role and the world looks to us to lead. But we also know that today's problems cannot be solved by any one nation alone. And the major players therefore have a growing common interest in solving problems together.

So the fundamental strategic challenge we face is how the United States can shape and lead a set of partnerships and institutions that can translate that common interest into common action that is sustainable and effective. And along the way, how do we ensure that shared action is accompanied by shared responsibility where each nation, not just the United States but others as well step up to do their part. And how do we safeguard and strengthen a system of values, rules and norms that are consistent with the way we see the world and the goals we're trying to achieve.

We're answering these questions by working to lead a new way, as reaching out to new actors, forming new kinds of partnerships and coalitions and deploying old forms of power from new tools. Modernizing American leadership in this way at this time is necessary and urgent work. We have an opportunity to build a new global architecture of cooperation but that opportunity isn't going to last forever. And if we don't seize it, there's no guarantee that what comes instead will be favorable to our interests.

Now, this broader objective helps order our daily decisions and it also helps define our specific priorities and that's why I want to focus the rest of my remarks.

I'm mindful that speaking about priorities is a dangerous exercise. So before I proceed, let me make a few caveats.

First, the world is frustratingly unpredictable so I reserve the right to amend this list rather shamelessly a week or a month or a year from now as unexpected events unfold. And this is certainly the era of the unexpected.

Second, because I know I will never cover all the issues that matter to people in this audience, I hereby incorporate by reference as key priorities everything that any one of you cares about. (Laughter.) I stipulate – as a former lawyer, I’m actually empowered to stipulate that we haven’t forgotten about them and we’re very much focused on them. (Laughter.)

Finally, I’ve had to make choices about level of generality in discussing our priorities. I’m going to try and talk at 10,000 feet so that you get a better feel for some of the concrete issues that we’re grappling with. But I do so mindful of our policy objectives at 30,000 feet, objectives outlined by the president in the U.N. General Assembly speech in 2009 and in our national security strategy: nonproliferation and disarmament, promoting peace and security through conflict resolution and counterterrorism, the preservation of our planet, a global economy that advances opportunity for all people, and the spread of universal values and democratic institutions. When you strip everything else away, this is what forms the core of our foreign policy agenda.

So with those caveats, I’d like to talk about five areas of focus that are occupying the energy and brain power of the key decision makers on our national security team. Each of these has direct bearing on our national security and on our global leadership. And we simply have to get each of them as right as we possibly can.

First, it will come as no surprise that we’re quite focused on managing and shaping the remarkable change taking place across the Middle East and North Africa. The president’s speech on May 19th provides a very useful indeed visionary roadmap for how we intend to proceed. And I’m not going to attempt to improve upon it here. I’ll just make a few brief observations about some of the key areas where our energy is particularly focused.

For starters, we’ve investing heavily in helping Egypt and Tunisia get their transitions right, recognizing of course that these revolutions belong to the people who brought them about. Egypt is particularly consequential – one in four Arabs is Egyptian. And getting it right there means the orderly development of a durable democratic system that is accountable and responsive, that safeguards pluralistic values, including the rights of women and religious minorities and that embraces crucial existing arrangements like the Camp David, of course.

I want to emphasize economic modernization as a centerpiece of our strategy on Egypt and Tunisia, both because it’s a crucial ingredient to successful transitions and because it’s a clear area where we, the United States, can add value and be seen to be doing so. When we traveled to North Africa a couple of months ago, we heard repeatedly from all quarters, from the interim military government, to youth activists that this is where America could help most.

We also recognize how important the Arab-Israeli issue is to the region and to our leadership. Now, it's no secret that the peace effort faces some pretty significant challenges. But our goals remain clear – to create the conditions for effective negotiations, to address Israeli security needs and the legitimate aspirations of the Palestinian people and to promote a Palestinian government that is committed to peace. Each of these goals called for us to define a political horizon and to point the parties toward that horizon and away from ill-advised or precipitous unilateral steps or destabilizing actions.

That's why President Obama articulated principles on territory and security in his May 19th speech, the two issues that lie at the heart of this conflict. Those principles reflect not only common sense but also formulas that have long been familiar to the parties and to anyone who's come in contact with the Middle East peace process over the past many years. They can help establish a firm basis for substantive talks at the right time and can strengthen those who favor a negotiated peace.

An equally complicated project is to advance our commitment to Gulf security in a way that is true to both our hard security and our human security commitments. This has involved candid conversations with our Gulf partners at the highest levels, including Saudi Arabia and United Arab Emirates as we've addressed the continuing challenges in Bahrain as well as broader regional trends. We've told them that we see an urgent need for political and economic reform across the region and we've talked to them about the threat posed to Iran by regional security. Iran is not 10-feet tall but it does pose serious challenges for our partners and our interests and thus remains an issue of intense focus.

Of course, the ongoing operations in Libya, the ongoing brutality in Syria and the ongoing uncertainty and increasing violence in Yemen are significant immediate issues. I'd be happy to address these areas further during the Q&A period.

The second major area is getting the transitions in Iraq and Afghanistan right. In Iraq, as troops come home, our civilians are taking the lead in an ambitious mission of long-term partnership and support for the Iraqi government and people, the biggest military to civilian transition since the Marshall Plan.

This has been somewhat overlooked in public but it's getting plenty of attention across our national security team because it will be a critical test of the U.S. government's ability to translate security gains into foreign policy gains, to consolidate progress that we've made at huge cost and sacrifice. In many ways, this effort takes the State Department and other organs of our government into uncharted territory and it certainly won't come easier without risk. It's going to require our diplomats and development experts to think and act in new ways as they contend with the broad sweep of challenges in an insecure environment, from helping the Iraqis manage ethnic and

sectarian fault lines to training the Iraqi police to helping Iraq build and rebuild productive relationships in a very uncertain neighborhood. And it's going to require continued support and smart thinking from groups like the Center for a New American Security as we adjust and adapt along the way and equally importantly as we seek the resources we need to get the job done.

Now, I should note of course that I could just as easily have put a rock in the first bucket. It's an example of an Arab state that's working to trade political violence for peaceful if complicated political wrangling.

In Afghanistan and Pakistan, the secretary's February speech at the Asia Society sets the blueprint for our strategy and I recommend that those of you who haven't read it, you should do so. In many ways, that speech has gained a larger audience in the region than back here as people have looked at it very closely as the roadmap for particularly the diplomatic dimensions of our strategy going forward.

It's course to begin the transition to Afghan led this year and complete it by the end of 2014 while securing a long-term partnership with the government and people of Afghanistan. This is a familiar I think to just about everyone in the room. The strategy is built on three surges: first, a military surge that's putting unprecedented pressure on the Taliban and its extremist allies; second, a civilian surge designed to strengthen governance, the economy and civil society and in so doing to weaken the insurgency; and third, and increasingly crucially a diplomatic surge in support of an Afghan-led political process designed to split the Taliban from al Qaeda and help stabilize the region.

We're supporting Afghan led efforts to reconcile those Taliban who meet clear and defined red lines and pursuing a regional diplomatic initiative to secure the buy-in of Afghanistan's neighbors. Pakistan is obviously critical to what we're trying to achieve in Afghanistan, not to mention to our broader CT efforts.

I was with Secretary Clinton and Admiral Mullen for their discussions last week in Islamabad. And it's clear that the killing of Osama bin Laden has contributed to an inflection point in our relationship with Pakistan. We're looking to the Pakistanis to join us in taking decisive steps in our common fight against terrorism and to play a productive and constructive role in Afghan led reconciliation. And as we do so, we have already engaged in and we'll continue to engage in candid and specific and yes, sometimes difficult conversations on the path ahead. And building on the efforts of Richard Holbrook, Ambassador Grossman is intensifying our regional approach to the Af-Pak challenge, a subject that I know CNAS has written a lot about and that you discussed earlier today.

The third area is effectively managing our major relationships, for starters, our allies, which is a

timely topic given the president's trip to Europe last week. We've worked hard to revitalize our Atlantic and Pacific alliances and to sharpen them for the modern challenges we face and this work continues.

When you sit in a bilateral meeting with the European leader and you hear the long list of issues that we're working on together, an endless list, focused on everything around the world, you realize just how crucial our allies are. Across the board we count on them to help share the burden and their contributions have been impressive: 40,000 troops in Afghanistan, cooperation on Iran, leadership on Libya, help with Guantanamo, joint efforts on climate change, counterterrorism, global development, nonproliferation and so much else. We're deeply mindful that we share not only a long history of working effectively together but also the common values and interests that make them our most necessary and valued partners.

Let me spend a few beats longer on our work to build and strengthen partnerships with emerging and reemerging powers. It's worth reminding ourselves that the rise of these powers is by and large a good thing, a product of widening prosperity and economic growth, of states with growing capacities, of increasingly successful societies. And whatever the bumps and challenges, this is positive for our long-term, interest and for the prospects of building the kind of global architecture we're going to need going forward.

But it's also meant to adjusting our focus so we're investing heavily in relationships and institutions, bilateral and multilateral, formal and informal, that can help channel these new actors toward constructive ends. Our strategic dialogues, for example, bring immediate important results in their own right but perhaps just as importantly they provide ballast for the relationship in moments of crisis or strain.

You all probably know about the strategic and economic dialogue with China and the bi-national presidential commission with Russia and the U.S.-India strategic dialogue. But just as important are the relationships we're institutionalizing with less common but still essential players, with Southeast Asia nations through our accession to the treaty of amity and cooperation, with the African Union through enhanced engagement or with Turkey through our cabinet level push to enhance trade and economic ties. This week alone the secretary held dialogues with Brazil and Colombia and the conversations in those dialogues were much more global than they were regional.

Just as crucial as integrating these rising players into reformed international institutions, making the G-20 the primary form for international economic coordination is a good example as is ensuring that the governance of the IMF and the World Bank better reflects global economic shifts. So is our enhanced participation in the East Asia summit in the ASEAN Regional Forum. And first in India and again in Brazil, President Obama affirmed our commitment to moving toward a reformed U.N.

Security Council that reflects 21st century realities.

I'll be the first to admit that this is a learning process and an occasionally frustrating one and not just for us. Even if having more actors on the global stage is generally a good thing, that doesn't always mean they'll do what we want, when we want, how we want. But we need to take the long view. And above all, when we go through the list of core objectives that the president outlined at UNGA in 2009 and that I referred to at the outset of my remarks, we simply can't achieve them without common action, including from these emerging powers. That goes for updating and strengthening the non-proliferation regime. It goes for stabilizing the international financial system. It goes for finding effective solutions to climate change and so on.

The fourth major areas pursuing economic statecraft to promote growth and protect the international economic system and more often than we as a foreign policy community realize is the best means to advance first order foreign policy goals. We recognize that we cannot remain strong in the world unless we're strong at home. This is a maxim that I think everybody in here would subscribe to and probably has repeated once or twice. We believe that it should be a foreign policy priority and a core diplomatic mission then to help drive our domestic economic renewal and to advance our economic leadership in the world. Even as we finalize trade agreements with South Korea, Panama and Colombia, the legacy items, we're pursuing a forward leaning affirmative agenda to promote fair competition, to address some of the new barriers to trade that are popping up behind borders and to deal with the growing power of markets and the growing world of states in those markets. We're equipping our diplomats with new tools and resources to advance our economic objectives and deal with new economic realities. The bottom line is that our foreign policy can't simply go where the threats are for strategic and economic reasons.

We have to go where the growth is as well. In Asia, where much of the history of the 21st century will be written, we're seeking a deeper and more durable engagement than ever before across the board. Secretary Clinton speaks often of forward deployed diplomacy, a reflection of our commitment to embracing America's role as a Pacific power in a region that is growing in strategic and economic influence.

Among other things, we're taking historic steps to strengthen the institutions of the Asia Pacific and we're working to expand our economic ties through vehicles like the transpacific partnership. In Latin America, Secretary Clinton has talked about the power of proximity. Forty-three percent of our exports stay in the Western hemisphere. We export more than three times as much to Latin America as we do to China and the region's economy grew by 6 percent last year. The growth we're seeing in our own region can help drive economic recovery, can help generate new and capable partners who can join us in taking on global challenges and building stronger economic ties across the Western hemisphere is there for both a strategic and economic priority for us. Of course we're



also looking to our closest allies to shore up the current rules based economic system, just as we work together to promote global stability and security. Europe represents more than a quarter of the world economy. Japan is a vital trading partner and a global economic force. And we're looking to redouble our efforts to lower economic barriers between us and to stand together behind our shared economic values.

Finally, I'd point out that the economic package the president announced in his speech on the Middle East is a good example of deploying economic tools to help advance political and strategic as well as economic ends.

The fifth major area is changing the way we do business so that we can effectively – excuse me – so that we can operate more effectively in the 21st century landscape. None of what I'm talking about today is possible without upgrading our capabilities. Now, from the start, Secretary Clinton has talked about three ways in which she wanted to put the State Department and USAID on a 21st century footing. These are reflected in the president's national security strategy and in the "Quadrennial Diplomacy and Development" review.

First, elevating development is a core pillar of American power alongside diplomacy and defense and updating our approach to development to prioritize accountability and results. Second, reaching beyond government to civil society, business, people themselves and so on so that our diplomacy more effectively accounts for new actors and new stakeholders. And third, promoting and leveraging the power of connection technologies to empower people and produce positive change, what the secretary calls the 21st century statecraft agenda.

Now, many of these things – excuse me – many people saw these things – development, diplomacy beyond government and the role of technology as important and interesting, sure, but a little less relevant to our core diplomatic agenda. I bend reporters' ears about these and they would say to me, that's nice, but what about Afghanistan or China, the Middle East peace process?

What events in the Middle East over the past few months have show us is that these elements are not on the periphery of the national security space. The growing power of individuals in civil society to take on governments, the political impact of the material conditions of people's lives, and the role of technology from Twitter to satellite television – these elements have converged along with other important trends to contribute to significant shifts in power. They're helping to transform the political, economic, and security environment across the Middle East and we expect them to keep shaping and affecting events and affairs around the world.

There are obviously other critical and sometimes more boring but essential pieces to the institutional reform agenda and I commend the QDDR or at least the executive summary to all of

you unless you want to wait for the movie.

The review systematically walks through the ways in which our operating environment has changed and then recommends corresponding changes in how we do business. So, for example, we're doing more to empower chiefs' emission in the field. We're creating new capabilities to deal with crisis, stabilization and transition. We're reinforcing the trend towards an increasingly operational State Department and we're promoting women's empowerment as a potent means for advancing all of our foreign policy objectives. The review provides an important blueprint. Now, as with so much else, the challenge is execution as CNAS's own assessment of the QDDR has correctly pointed out.

So those are the highlights. Now, some of you may be asking why this list, what does it all add up to? And this brings me back around to the core project of securing American leadership in a changing world. These five areas are fundamental to that project. Our leadership depends on, one, responding effectively to the biggest change of our time in the Middle East; two, protecting our biggest investments of effort and resources in Iraq, Afghanistan and Pakistan; three, managing our biggest systemic challenge, the rise of important new actors and the changing international system; four, strengthening the biggest source of our power, our economy; and five, putting our people and institutions on the right footing for the 21st century.

That's what we're trying to do along with everything else I didn't mention but hold so very dear. And we're trying to do it with a measure of flexibility because if we've learned one thing in the last few months is that you have to have flexibility in full measure with the spirit of entrepreneurship and innovation and bipartisanship, and yes, with a healthy dose of humility. This is really hard stuff. We know that we don't have all the answers and we'll need to draw on all of you to help us work through these challenges over the coming months and years. And so I look forward to the conversation today and I look forward to collaborating with many of you as we move forward.

And with that, I'd be happy to take your questions. (Applause.)

Yes.

**Q:** Thank you very much for the broad scope of your remarks and the vision you outlined. My question is very simple and hard. How are the cuts that are inevitably coming in FY-12 going to have an impact on what you're trying to do and how are you planning for it?

**MR. SULLIVAN:** It's a great question. For those of you at the back who may not have heard, she asked about how the cuts that have already come and the continuing resolution in FY-11 and we hope are not inevitable in the FY-12 budget. We're making the case to Congress for every possible dollar will affect what we're trying to do. I would say three things about that.

The first is it makes the imperative of implementing the institutional reform agenda in the QDDR that much more urgent because we have to be able to make the case to Congress that we're stretching every dollar as far as we can possibly stretch it. And we have to show them that we are finding ways to increase efficiency and to deliver more effectively with each passing month. And so, developing that case and being able to sell it on the Hill is an important part of the work that we're doing.

The second way is that we have to take the case beyond the immediate halls of Washington and build a constituency, broader constituency and in this I would like to enlist everybody who's in this room across the country for what we're trying to do because at a time when you're at 8, 9 percent unemployment, people's first instinct quite naturally is why are we sending a bunch of dollars overseas to places I've never heard of in some instances and the places that don't seem to like us very much in other instances. And we have to sharpen and clarify our answer to that question because we have good answers. At the end of the day, the dollars that go into the State Department USAID budget are national security dollars. And many of those dollars come at a huge savings for what we'd have to spend in military action down the road if we didn't do this. These are all arguments that are familiar to the people in this room but that we haven't, A, been able to sell effectively enough beyond this room, and B, and maybe more importantly that we haven't been able to make concrete for people to really understand it.

Part of that is an institutional issue. It's us building the apparatus to be able to sell this case more effectively. And part of it is a narrative issue and this is something that the secretary and Tom Nye (ph), and Rash Han (ph) and others are very focused on in the coming months as we have these budget battles. But then, there's the third substantive answer to your question which is we are going to have to make tough choices. You know, our ESF account got hit – I'm not a budget guy so don't quote me on the numbers but on the order of a couple of billion dollars. That is a huge cut when you're talking about a relatively small ESF account and it has an impact on countries around the world.

And so, it is forcing us to make very difficult choices about where we invest our dollars and where we have to cut back. And it doesn't just have an impact on the money that goes out in the countries around the world but also has an impact on our effort to rebuild the capacity of state and aid that have been eroded over many years at home, the Foreign Service Officer growth rates that we were looking for, the other institutional needs that we had.

So the silver lining in what is a terrible cloud and one that we believe is a threat to our national security and should be rectified through and increased rather than a reduction in the State Department and aid budget, a small silver lining is that it is just one more focusing tool that requires

us to really hone in on priorities. But at the end of the day we shouldn't have to choose between two vital things and say we're going to either cut them both a little bit or cut one more than the other. But we ought to be able to fund that which advances our interests and values around the country as long as we can show that we're spending money effectively. And we believe that we can make that case and as we implement the QDDR we believe we'll be able to make it even more effectively. Yes.

**Q:** There's a lot of trouble in the United States with unemployment, right?

**MR. SULLIVAN:** Yes.

**Q:** And we know that economic development has good effects on security and stability. What about getting Americans' jobs overseas? What about big programs to employ Americans, train Americans, send them over to work on development and you sort of kill two birds with one stone.

**MR. SULLIVAN:** I think it's an interesting suggestion. I think the secretary and others in our government have been even more focused on creating jobs here at home based on opening new markets and creating new investments abroad. Just to give you a couple of examples. One of the largest investors in China is Yum Brands which owns KFC and Pizza Hut. There are now more KFCs in China than there are in the United States. The growth of that franchise there creates more revenue for an American company and can create more jobs back here in the United States as a result.

A second example is at the intersection of development and business. Countries around the world are spending hundreds of billions of dollars in new infrastructure projects. We should be competing for those projects. American companies, American engineering companies, American construction companies, American raw materials companies should all be competing in a different way as we watch India or Brazil or Algeria add huge dollar amounts to their capital budgets.

And so what I talk about, one of our major priorities being connecting domestic economic renewal to foreign policy, it's not merely the traditional commercial diplomacy of going and trying to get a foreign government to buy airplanes or GE or whatever. It's new and creative ways to look at emerging markets as places where we can invest effectively to create the kinds of jobs here at home that ultimately power our own economic growth.

And let's keep in mind the foreign policy dimension of this. The more that we can consolidate and ensure that we remain on a positive economic path and secure our domestic economic renewal, the stronger a platform we have to be able to project economic influence and power around the world and therefore overall influence in power and advancing our interests and values.

Yes. At the back.

**Q:** I'm Paul Stevers, of CharityHelp International. I was pleased to hear you saying we're going to use connectivity as a strategic advantage. And it occurs to me that things like where you could have support development in Afghanistan with – through connectivity with experts here in the States working to do that actually, not relocated but working in the States. And so, could you maybe expand a bit more on how you guys plan on doing that?

**MR. SULLIVAN:** There's a whole range of different ways in which our 21st century statecraft agenda supports not just the values that we espouse – the Internet freedom values we espouse but development in different places.

Afghanistan is one example. We have undertaken efforts to promote mobile banking which has a direct security impact because you can deposit the salaries of Afghan national security forces through mobile banking, through connection technology as opposed to forcing them to move through insecure environments or trying to deliver cash to local banks and so forth. We have a program called Apps 4 Africa where we ran a competition for the creation of new apps that would help people who were trying to drive development in various sectors across the continent of Africa.

One example would be being able to get weather forecasts, seed prices and other critical agricultural information delivered to people on their cell phones. And you'd be amazed at cell phone penetration throughout the developing world and other apps apply in many different ways. In Mexico, for example, we're starting up a program where people can anonymously contact security services in a way they were never able to before, therefore having to fear retribution from drug cartels through a technological service that we've helped create, partnered with the private sector in Mexico and the Mexican government to institute.

And those were disparate examples from different parts of the world that each served different purposes but all point up the growing capacity of connection technology to create greater security, create greater development and at the same time have us not lose sight of trying to drive the values of openness and connectivity that played some role, and people can debate how much, in what we saw across the Middle East and North Africa over these past few months.

Yes.

**Q:** Hi. J.J. Sullivan (sp) with National Public Radio. I was just going to ask you a little bit about cost effectiveness linked to your difficult conversations with Pakistan. We seem to have invested billions and billions of taxpayer money in that country to not great effect in terms of our national interest. I'm wondering how those conversations are going, how they changed in the past few weeks.

**MR. SULLIVAN:** We have sort of two strands to our economic support for Pakistan. One strand involves support for the military and in particular emphasizing support for the military as they take the campaign to the violent extremists in some of the border areas in northwest Pakistan.

The other strand, Kerry-Lugar-Berman bill is a large increase in civilian assistance that is geared toward creating greater economic opportunity, trying to drive some degree of economic reform and to demonstrate overall that the United States is committed to the people of Pakistan over the long term to create the environment for a more effective relationship.

Now, as the secretary and Admiral Mullen said when they were in Pakistan a few days ago, it's no secret that there are hard questions being asked on both sides about what this partnership is bringing, what it's delivering.

And one subset of that question – of those questions is exactly the point that you're getting at. I think our view on this is that we share common interests with the Pakistanis on at least three major areas: number one, on counterterrorism, number two, on producing a stable region and in particular a resolution of a conflict in Afghanistan, and number three, in trying to promote economic growth and economic reform in Pakistan so that over time it becomes a more stable and prosperous country. And we have seen some degree of progress in each of those three areas and also some degree of setback. And what the secretary and Admiral Mullen conveyed to the Pakistanis was that at the end of the day the United States is prepared to move this partnership forward but it, of course, has to be a two-way street. And we have to be able to work together to take decisive steps against violent extremists and we have to be able to work together to promote the kind of political, Afghan-led political reconciliation in Afghanistan.

And, you know, the president has said repeatedly since the killing of Osama bin Laden and the secretary, obviously, has said this as well, that we cannot forget the sacrifices that Pakistan has made in this conflict. They've lost tens of thousands of lives and they have done a fair bit to help us in the fight against violent extremists, a fight that they have to fight as well because it's in their interest. But we've also made clear that there is much more work to do and that that work is absolutely urgent. And so, when we sat down with the Pakistani leadership last week, it was, as the secretary said in her public remarks, in these main buckets, in these main areas, the area of counterterrorism, cooperation, the area of Afghanistan and regional stability, in the area of economic growth and economic reform in Pakistan that the conversation centered as we looked for a path forward that would solidify the partnership that we have and also answer the very legitimate questions that Congress and the American people are asking about the sorts of assistance that we're providing to them.

Yes.

**Q:** A quick – (off mike) – and you brought up earlier that – (off mike) – working yourself into a corner where you’re left with almost nothing else – (off mike) – now willing to do – (off mike) – concessions to the Palestinians and the Palestinians – (off mike). Now, let’s say they’re having – (off mike) – down the road. How long are you going to deal with that from an economic assistance point of view? Are we going to do – (off mike) – they were to become an essentially apartheid state?

**MR. SULLIVAN:** So I was told to never give a speech on priorities and I broke that rule today. But I’ve also been told never to respond to hypothetical questions. (Laughter.) And looking at that question and seeing all of the red flags, I understand why. (Laughter.) It is actually impossible for me to get into the hypothetical that you described but I will say that our commitment to Israel’s security as a democratic Jewish state is absolute and it’s rock solid. And this administration has elevated that commitment through very practical forms of cooperation. At the same time, our commitment to a two-state solution is secure Israel living alongside a secure Palestine that redeems the legitimate aspirations of the Palestinian people is a core national security interest and objective of the United States. So that’s the baseline.

I think the premise of your question, which is that the status quo is unsustainable is something that we fully embrace and we say on an almost daily basis there is a technological clock ticking; there is a demographic clock ticking; and there’s an ideological clock ticking as the voices of those who say rejectionism and violence will get you more than negotiation and moderation will. And, as each of these three clocks tick, the space for a solution, a solution the broad components of which I think are well understood by all sides begins to narrow. And that is why we believe it is so urgent to stay focused on this. There’s some who’ve said, well, just let’s just park it. Let’s park it for a while and come back to it later.

But a vacuum in the Israeli-Palestinian conflict or in the broader Arab-Israeli conflict has never borne good fruit and we don’t believe it would in this case. And so, our goal, as I said in my remarks, is to set out an effective political horizon to give shape to the work ahead, to begin to condition the parties for a return to negotiations that could actually lead to an agreement and to promote the voices of peace as opposed to the voices of violence and rejection, and along the way to do the two things at the outset that I said, to keep in mind that a secure Israel is something that we will fundamentally stand behind coming and going no matter what and that we will remain steadfastly committed to a two-state solution.

It’s very challenging and very difficult. And this is an area where I think the variety of opinions is as broad and deeply felt as anything I’ve ever seen. People say you’re idiotic for not going far enough and people say you’re idiotic for going too far. And what we’re trying to do is manage a set of quite

imperfect choices created by circumstances by having some degree of American leadership that can point the way towards that political horizon that I was describing. Yes. Back there.

**Q:** Michael Perseki (ph), Rutgers University. Is the White House worried at all about the future of NATO given some of the recent arguments that seem to have happened within the alliance like the reluctance of Germany to be involved in Libya or of some to send soldiers to fight in Afghanistan, is there a worry about the NATO being a weakened alliance essentially?

**MR. SULLIVAN:** In a word, the answer to that question is actually no. And, you know, I don't mean to state the glibly but I can state it quite firmly. The Lisbon Summit last year we regarded as a tremendous success. Not only did it produce alliance unity on major questions like the future of Afghanistan, not only did it produce renewed and creative cooperation between NATO and Russia and NATO and other partners, but it also delivered a new strategic concept that updates NATO's orientation and missions for the 21st century and looks at new threats that the alliance hadn't previously been situated to deal with as effectively as it should have been, cyber and counterterrorism and the like.

And we actually look at the Libya example as one that has shown what NATO is capable of doing. We transition command and control from the United States to NATO. NATO is sitting in coalition for now with Arab partners and others and carrying out this mission and doing so in a clear-eyed and effective way so that when we were in Berlin for the foreign ministers' meeting a few weeks ago, we've laid out the objectives with a minimum of disagreement. We laid out the desire for a steady operational tempo to go at those objectives. And that's exactly what NATO has been doing day in and day out. And in many ways it's actually been quite impressive.

When the Obama administration came into office, there were real questions about NATO and the U.S. transatlantic alliance. And I think those questions – no question is ever answered because the system changes. But we have delivered a pretty emphatic answer in the last two year in terms of what NATO has been able to deliver through its troop contributions in Afghanistan, through its actions in Libya and through so much else.

And I think the vision at Lisbon is a worthwhile thing for everybody to look at because it really does on a broad range of issues show that the alliance isn't just unified, which is always nice, but that it's on a forward footing. It's looking at the new world and saying, what can we do as a community of shared interests and values to make sure that, you know, we're in the best place to be able to achieve our objectives. So we feel very good about where things stand with respect to NATO at this time.

Yes.



**Q:** Atul Singh. I'm the founder and editor-in-chief of Fair Observer, which is a new journal covering global issues. So my question to you is you said that the world is changing and the institutions should reflect the new world order. You talked about G-20 being the main forum. My question to you is about the new chief of the IMF. And there's been a lot of talk that no longer should a European have the divine right to head that institution, particularly since they are now the biggest debtors to that institution. So what is your administration stand on it if it all you are at liberty to talk about it?

**MR. SULLIVAN:** I'm very happy to tell you I'm not at liberty to talk about that. (Laughter.) And that's not because we don't have an administration position at the moment which is we're not – we haven't formally said anything but as the director of policy planning at the State Department, I'm very proudly going to keep my lips shut on any question related to the new head of the IMF. And I apologize for that. I'd like to be able to answer your question but I can't. But the principle that I stated in my speech is one that applies across the board and we do feel that questions like the G-20, questions like U.N. Security Council reforms are things that are long-term strategic investments by the United States into a global architecture of cooperation that will more effectively serve our interests and reinforce our leadership over time.

Yes.

**Q:** Kevin Green. I'm with IBM. It's easy to see why problems, threats, challenges fill so much of your time. At the same time, as the world changes, new opportunities develop as well and particularly with regard to partnerships. In that line and on the same cord as the changing world and so forth, what can we expect to see with regard to our relationship with Brazil going forward across the spectrum – economic, diplomatic, and so forth?

**MR. SULLIVAN:** So Secretary Clinton and Foreign Minister Patriota just held the Global Partnership Dialogue yesterday. I believe it was yesterday. These things all run together – where they went over a truly global agenda. And we believe that we have opportunities to engage with Brazil on basically every significant strategic, economic and diplomatic issue in the world. They are a member of the U.N. Security Council.

And so the secretary and the foreign minister spoke about the range of issues confronting the Security Council on how we can work effectively together. They are a leading regional player. And so there was discussion of questions like the readmission of Honduras to the Organization of American States, very growing economic player and the kind of economic player who can be a great partner with us in creating win-win economic growth and cooperation. And to that end there has been an enhanced engagement at the private sector level, a CEO forum between the United States and Brazil and that's something that we're trying to reinforce and grow. And they are also a growing

actor in spaces like values and development.

So, for example, when Secretary Clinton went to the inauguration of President Rousseff on New Year's Day, their conversation, the point at which each of them got the most excited was talking about joint development projects between the United States and Brazil and Africa. That would have been unthinkable some period of time ago. But Brazil has a sense of its growing role on the global stage. And, by and large, wants to contribute in those ways. You know, in the climate change space and the sort of sustainable environments base, Brazil also has a very important role to play, both because of what it is and who it is. And, obviously, it's going to be hosting Rio plus 20 next year which will be an important forum for addressing a broad range of environmental related issues.

So I could literally go down the list and talk about all of the ways in which there are opportunities. But, at the same time, that doesn't mean we're going to see eye to eye on everything. Obviously, the single example of that in the last two years was the vote on 1929, the Iran sanctions resolution. And there will be other disagreements. We called for the readmission of Honduras to the OAS well before the Brazilians felt it appropriate to do so.

And that – the capacity of the U.S. and Brazil to be able to manage those differences, attempt to narrow the areas of disagreement and expand the areas of cooperation will be a great test of whether we're able to take advantage of the tremendous possibilities of this partnership as we go forward. And the secretary and others, including Ambassador Shannon, who had previously been the assistant secretary for the Western Hemisphere Affairs are very clear-eyed and focused on this as a place where we can make gains while mindful that it's not always going to be a piece of cake.

Yes.

**Q:** (Off mike) – in learning what steps are being taken now to promote internal discussion, debate and to protect dissent within the Department of State on the development of foreign policy? And how much does the foreign policy parts of the Department of State draw upon the outside foreign policy establishments in academia, in think tanks like this? How do you draw upon the expertise that is outside the Department of State in furthering American foreign policy objectives?

**MR. SULLIVAN:** I actually planted that question because it gives me an opportunity – I didn't. I didn't plant the question. But it does give me an opportunity to boast about one of the things that I'm most proud of in just the four months that I've started at policy planning. What I've done is along with the help of my team is launched a monthly speaker series where we ask the bureaus and the offices of the State Department to nominate young foreign service officers and civil servants who are sort of rising stars to come in small groups, 20, 25 people and be able to sit down with and have an extended conversation, debate, discussion with sort of notable outside foreign policy thinkers. So

we've already done three of these. We had Nouriel Roubini come in. We had Steve Hadley come in. Lindsey Graham came to talk about the sorts of questions that you were asking.

And so, every month, 30 or so young members of the department get to come and actually rather than just kind of do their day jobs, come, engage in the world of ideas and do so with kind of true luminaries. And we feel like over time this is an investment in getting people to be more creative, to ask more questions, to have a more vibrant intellectual life. So that's one immediate thing that we have done.

At policy planning, our bread and butter, our way of life is engaging the academic community, the think tank community, policymakers of all kinds. And my goal as director is to try to increase the degree to which that is systematic and that it relates to more than just a nice conversation but that it actually can have an impact on decisions being taken by people sitting around the table really deciding things.

That's a very difficult thing, actually, as it turns out. It's a difficult thing not only for people inside of government who think of ideas and then want to get them actualized. That's hard enough. But to take someone from outside of government, get their good idea and find a way to run it through the wringer of the interagency process, the national security decision making process is very difficult. And my view is that cracking that code or coming close to cracking that code is one of the most important things that we can do, particularly later in a term as all of us who have been around since the beginning get just a little more tired and have put all of our ideas on the table and are increasingly in the market for new ideas coming from the outside.

So one of the things that I would ask of everybody who's here is to the extent that you're interested in engaging with us, we want to become your partner and we want to do some in a way that can be actually systematic and work, that's more than just – hey, I've got an interesting idea I want to throw at you, but to think through how we can translate ideas into policy, infuse it into the policy process it's something that we're very, very focused on.

And, you know, I'd like to come back here next year and report on how this goes because it's a work in progress but it's something that matters a great deal to us.

In conferences like this and reports like the ones that CNAS has just recently put out, are very widely consumed and read and digested and wrung out for their ideas. And, you know, I was talking on my way in here with some of the leadership at the center about having some of the authors of those reports come over and sit down with our experts and really hash it out.

So that's the kind of thing that I'm really trying to do. It's a matter of great focus for me and I'm

glad you asked that question.

Yes.

**Q:** (Off mike.) In Afghanistan sometimes I observe that our development efforts could be occasionally naïve and lead to new sources of instability or conflict over those added resources. What kind of metrics can we use to ensure that the development we do in the developing world leads to efforts that address sources of instability and reduce long-term conflict?

**MR. SULLIVAN:** You know, there's a unique challenge in places like Afghanistan because foreign assistance dollars in Afghanistan are serving two purposes that should be linked to one another.

Purpose one is to weaken the insurgency by increasing governance and promoting local economies and strengthening civil society. That's a near term stabilization goal.

Purpose two is to kind of lay the foundations for longer, more sustainable development. Now, those two do not always fit together totally nicely as I'm sure you found from having been out there up close and personal.

And what we're tried to do increasingly is come up with a way to link, to build the projects that are quick impact, like the AVIPA Plus program that very quickly provides seeds and other materials to farmers to replace poppy and the like, you know, very fast job creation infrastructure that is the sort that can put people to work and so forth while at the same time doing it in a way that you're not just creating an unsustainable situation where if you don't keep dumping hundreds, tens, hundreds, millions, billions of dollars in, the whole thing will all just fall apart.

It is a great challenge, a very significant challenge. It's a challenge not just that the United States faces but all of our partners – the EU, the other bilateral donors, the United Nations as we work across Afghanistan. And one of the things that we have really focused on in the last year is an effort to do exactly what you're describing which is to create a set of metrics where you can judge both short-term stabilization, not just inputs, not just how many seeds did we sell or give away to be planted but based on a set of outcomes.

You know, the number of trained and effective civil servants who are actually standing up local government; the number of people who – of hectares that are being used for licit crops as opposed to illicit crops and so on down the line, while at the same time trying – and this is a harder thing because it's over a longer time horizon, having metrics that look to see whether that can be connected to a sustainable long-term development strategy. It's not an easy thing. And I'm not an expert on it, and if Rash Han were here, or Secretary Clinton, who takes a great interest in this very

thing, they would actually be able to speak about it more intelligently than I am. But at a broad level, that is what we're trying to do.

And we hold ourselves to very high standards which creates inspector general reports and other things that sort of say, okay, you've made some progress but not enough and so forth. And we're constantly being pushed by not only our own internal monitoring teams but by the media, by the Afghan government, by our international partners to do more, to do better. And it's something that is a constant work in progress but we feel like we have the basic game plan. It's a matter of executing it as effectively as possible and being systematic about doing so.

Yes.

**Q:** I'm Steve McInerney with the Project on Middle East Democracy. You mentioned that the administration has told our Gulf allies of the need for political and economic reform. And, on one hand, I think that's very welcome. I think the president has rightly acknowledged that the stability that is important to our national security can only be sustained in the region through reform.

On the other hand, I don't really see any signs that our Gulf allies have responded to us telling them that. In Bahrain, despite the king's speech a couple of days ago and announcement yesterday, the removal of the state of emergency, arrests and violence continue. And it's perceived across the region that our Gulf allies, particularly Saudi Arabia, are sort of leading the counter-revolution, not only resisting reform internally but discouraging it in the other Arab states.

I guess my question is, is the administration prepared to do more than just simply tell them of the need to reform and then see them ignore it which to me is reminiscent of what we saw from President Mubarak in Egypt in 2010 for we repeatedly told him of the need to have free and fair elections, to allow the emergency law there to expire, but that ignored and it felt as though the administration was reluctant at that time to use leverage or do more than just simply raise these concerns. Next week, the crown prince from Bahrain is coming. Is the administration prepared to kind of take steps beyond simply raising the need for reform in the Gulf?

**MR. SULLIVAN:** This is a challenge I think on which many people, both here – I see I have one minute so I guess I can't answer that question. (Laughter.) This is a challenge on which many people, both in the United States and around the world are very much focused. You know, when the secretary was in Doha in January, she talked about the challenges of political systems that are not moving forward. And like bicycles, political systems that are not moving forward are liable to fall over. And her case was that the status quo here, as in the case of the Middle East peace process, is not sustainable for a wide variety of countries and that using force and security means to try to bring a situation under control alone is not going to solve problems.

So, we have been very candid, publicly and privately with the government of Bahrain about what our expectations are and about making the case because it's not enough just to say, here's what we believe. We have tried to show them persistently, systematically why it is that it is in their interests over time to engage in a meaningful dialogue and to walk along the path of reform.

Now, this – as the president said in his speech – is not going to happen in the same way on the same timetable in every country. But what the United States can do is not just publicly put out statements and not just privately say is like the fifth talking point down the page, hey, by the way, it would be nice if you did a little reform, but make it a central part of the case that we make.

And that has really been one of our priorities over time, predating Tunisia and Egypt going back to what the secretary said at Doha that the region's foundations are sinking into the sand and explaining what that means and what the consequences of that are over time. As I said in my speech, that's bound up in the questions about hard security as well, because, of course, Bahrain would say, well, part of this is being fueled by or drummed up by Iran. And our perspective has been that we don't think that this was generated by Iran. It was generated by the aspirations of the Shi'a protesters who went out into the street but that Iran is looking to take advantage of the instability in various places and to cause further instability and not for positive purposes but to advance a negative agenda.

And so we have to have these conversations with our Gulf allies in an integrated way that looks at the full picture but never looks away from the core message that we have been sending and we'll continue to send as an urgent priority for that part of the region and for the region as a whole.

So that does it for me. I want to thank everybody here for patiently listening to me for the last hour. And I meant what I said when I said that we're eager at the State Department, at policy planning and more broadly to have an injection of new ideas and open conversation and critique and debate about what we're working on and what we're doing well and what we're not doing so well.

So I look forward to that conversation and I wish you all the best of luck. Thanks. (Applause.)

**MS. BENSAHEL:** We are now going to immediately transition into our cyber panel so it will just take a moment to get the panelists on stage but we're not taking an official break, although I see lots of people fleeing. Come back soon.

(END)