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Clinton links U.S. diplomacy to jobs

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WASHINGTON — Amid the fierce debate about massive federal budget deficits, Secretary of State Hillary Clinton argued Tuesday that continued U.S. government spending abroad was crucial to America's economic growth and global leadership.

Speaking to the Global Leadership Coalition, a group of businesses and nonprofits that advocate for greater U.S. engagement abroad, Clinton said government spending on diplomacy helped open up new markets for U.S. companies and produced jobs for Americans at home.

"The 1 percent of our budget we spend on all diplomacy and development is not what is driving our deficit," Clinton said. "Not only can we afford to maintain a strong civilian presence, we cannot afford not to."

The Obama administration is eager to highlight the economic benefits of foreign investment as the economy continues to limp along feebly with millions of Americans out of work and the unemployment rate in June registering 9.2 percent.

In President Barack Obama's \$3.7 trillion budget request in February, he asked for \$73.6 billion for State Department operations for the 2012 fiscal year, a slight decrease from the previous year. But many congressional Republicans are intent on making even deeper cuts in what they see as runaway government spending.

Clinton said the United States faced increasing competition from fast-developing economies such as China, India and Brazil. She cautioned against Americans losing interest in global affairs, which she said would have detrimental effects on U.S. interests abroad.

"The simple truth is that if we don't seize the opportunities today, other countries will," Clinton said. "Other countries will fight for their companies, while ours fend for themselves. Other countries will promote their own models and serve their own interests.

"Other countries will create the jobs that should be created here and even claim the mantle of global leadership. None of us want to see that happen."

At the same time, however, she renewed criticism of countries that favor local companies at the expense of foreign businesses, although she didn't specify which nations.

"Other countries are, very frankly, providing much greater direct support to their businesses, tilting the playing field in their favor," she said. "When we see governments enact regulations that are an excuse to give state-owned enterprises or local favorites an unfair advantage, our embassies are pushing back."

Clinton also touted the work of the State Department's more than 1,000 economic officers, who work to promote American business interests and find new opportunities for U.S. companies overseas.

"Old-fashioned door-to-door salesmanship still works in the 21st century," she said.

Clinton argued that Congress should pass three pending bilateral trade agreements — with Colombia, Panama and South Korea — saying the deals are "critical to our economic recovery" and could create tens of thousands of U.S. jobs.

Some conservative experts disagreed with Clinton's claims about the connection between U.S. foreign aid and domestic expansion, particularly at a time of fiscal distress.

"It seems hard to believe that (foreign aid) leads to more jobs here in the United States, with the possible exception of northern Virginia and Maryland, where people who work for the federal government live," said Christopher Preble, a foreign policy scholar at the libertarian Cato Institute in Washington.

But business leaders interviewed at the summit where Clinton spoke said U.S. diplomacy and aid helped to boost their companies' operations abroad.

"If you think about the return on investment of about 1 percent of our budget to create stable markets, it creates business success for U.S. companies," said Chris Policinski, the CEO of the St. Paul, Minn.-based dairy company Land O'Lakes.

"It creates jobs here. This is an investment in jobs."

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