

**America's Role in the World:**  
*A Business Perspective on Public Diplomacy*

*Prepared by:*  
**Business for Diplomatic Action**  
**October 2007**



**BUSINESS FOR DIPLOMATIC ACTION**  
Building New Bridges to The World

## **America's Role in the World: *A Business Perspective on Public Diplomacy***

### **PREMISE**

Our political parties, members of Congress, and Presidential candidates need to take a serious look at why America is losing its friends around the world and urgently assess what can be done to reverse this alarming trend. It is no exaggeration to say that the United States is now facing a reputation crisis of global proportions—and this crisis must be addressed by creative thinking and vigorous new initiatives in public diplomacy.

This crisis is creating significant problems for the U.S. economy and the American business community. Industries such as travel and tourism have been hit hard by the decline in international visitors to the United States, with negative consequences for sales, tax revenues, and jobs. More restrictive U.S. visa policies and entry procedures have cost American companies billions of dollars over the past five years; corporate security costs have skyrocketed, too. If left unchecked, America's reputation crisis will be a drag on the national economy for years to come and could undermine the global competitiveness of many American companies.

This national challenge is thus also a critical business issue.

American businesses, through their successful global expansion over the past few decades, have developed a sophisticated understanding of how to make and keep friends across very diverse cultures. They have a vast array of proven cross-cultural management and communications techniques that can help address America's reputation crisis. The U.S. business community should therefore have a prominent seat at the table as the nation charts a revitalized public diplomacy strategy for moving forward.

### **DEFINING PUBLIC DIPLOMACY**

The purpose of public diplomacy is to promote positive, credible perceptions of the United States in the minds of the world's citizens. While public diplomacy has typically been a responsibility viewed as the sole province of government, major changes in global communications and technology have democratized the worldwide flow of information and have dramatically altered the ways in which global public opinion is influenced.

Simply put, these new challenges suggest that U.S. public diplomacy efforts need more partners and input from outside our government. Compared to practitioners of traditional diplomacy, effective leaders in this new world require different skills and, arguably, a different global mindset.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

It is important to understand how public diplomacy differs from traditional diplomacy. One of the earliest definitions of public diplomacy was articulated by the Edward R. Murrow Center of Public Diplomacy at the Fletcher School of Law and Diplomacy, Tufts University, in the 1960s:

*Public diplomacy ... deals with the influence of public attitudes on the formation and execution of foreign policies. It encompasses dimensions of international relations beyond traditional diplomacy; the cultivation by governments of public opinion in other countries; the interaction of private groups and interests in one country with another; the reporting of foreign affairs and its impact on policy; communications between those whose job is communication, as diplomats and foreign correspondents; and the process of intercultural communications.*

Significantly, this definition of public diplomacy explicitly mentions private groups and the media, and implicitly expands the involved parties to those “whose job is communications.” In today’s global marketplace, business is undoubtedly the leading communicator when it comes to the volume, frequency and sophistication of communications with peoples around the world.

A more recent definition has been published by the USC Center on Public Diplomacy, which has recently established a Master’s degree in Public Diplomacy:

*Unlike standard diplomacy, which might be described as the ways in which government leaders communicate with each other at the highest levels, public diplomacy focuses on the ways in which a country (or multi-lateral organization such as the United Nations), acting deliberately or inadvertently, through both official and private individuals and institutions, communicates with citizens in other societies.... It involves not only shaping the message(s) that a country wishes to present abroad, but also analyzing and understanding the ways that the message is interpreted by diverse societies and developing the tools of listening and conversation as well as the tools of persuasion.*

This definition suggests that effective public diplomacy starts from the premise that a dialogue, not a “sales pitch,” is needed to achieve the desired results. In other words, public diplomacy must be a two-way street between America and the world.

The perspective of the current U.S. Administration on public diplomacy, as developed by the Under Secretary for Public Diplomacy and Public Affairs, Karen Hughes, is somewhat different from these two definitions. It lays a foundation for public diplomacy based on three strategic objectives:

- *Offering people around the world a positive vision of hope and opportunity that is rooted in America's belief in freedom, justice, opportunity and respect for all;*

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

- *Isolating and marginalizing the violent extremists, undermining their efforts to portray the West as in conflict with Islam, and demonstrating respect for Muslim cultures and contributions to the world community;*
- *Fostering a sense of common interests and values between Americans and people of different countries, cultures and faiths throughout the world.*

It is the view of Business for Diplomatic Action that a new definition of public diplomacy should incorporate elements from all three of these approaches. Specifically, a new definition should recognize that effective public diplomacy depends on:

- (1) A compelling and credible representation of America's values, vision and voice to the world, demonstrating respect for all cultures;
- (2) An acknowledgement that listening and dialogue lie at the heart of the public diplomacy process;
- (3) The active involvement of non-governmental actors such as the media, the business community, nonprofit organizations, and individual Americans.

## **BACKGROUND**

Public diplomacy has been a backwater in the federal government for more than a decade. With the Cold War won and historian-academician pundits such as Francis Fukayama proclaiming "the end of history" in the early 1990s, political leaders of both parties relaxed their focus on what was no longer perceived to be a crucial battle for global public opinion.

When the U.S. Information Agency was dismantled in 1998, successful programs that made many friends for us in the former Communist world—"American rooms," cultural tours, exchange programs, language training, media programs, and many others—were radically scaled back or eliminated altogether. Some of the nation's most talented Foreign Service Officers were pushed aside or out the door because of significant budget cuts, organizational restructuring and shifting geopolitical focus.

After a range of false starts over the past decade, the appointment of Karen Hughes as the third Under Secretary of State for Public Diplomacy in six years suggested more serious resolve by the current Administration. But, unhappily, interagency gridlock and the absence of a broader institutional commitment to public diplomacy has stymied initiative and often produced more change in style than in substance.

And public diplomacy initiatives remain grossly under funded. The State Department's public diplomacy efforts received just \$1.5 billion from the federal budget last year. That's roughly the amount the Pentagon spends on defense in just one day—and not just in wartime. U.S. public diplomacy programs are also inefficiently housed in numerous government agencies, leading to inconsistent and often conflicting messages and a lack of overall accountability.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

## **CURRENT SITUATION**

Numerous global public opinion surveys, from the Pew Center, GFK Roper, Zogby, Harris Interactive, and other firms, have documented the worsening of public attitudes toward America over the past decade or so. A global survey commissioned by the BBC World Service and released in early 2007 confirms how grave the situation has now become. To quote directly from the BBC article (*The complete story is available at <http://news.bbc.co.uk/2/hi/americas/6288933.stm>*):

*The global image of the U.S. has significantly deteriorated over the past 12 months, as the chaos in Iraq has deepened. And in 18 of the countries that were involved in previous polls, the slide in America's standing has steepened....*

*This poll underscores conclusions drawn from several other surveys - that anti-Americanism is on the rise, and the more the U.S. flexes its hard power - the more it deploys troops abroad or talks tough diplomatically - the more it seems to weaken its ability to influence the world.*

*This, then, raises an obvious question. Is it simply the Bush administration's foreign policy or the whole image of America that is unpopular?*

*Comparable surveys suggest that there is still strong support around the world for the values enshrined in U.S. society. But it looks as though America itself is seen to be living up to those values less and less.*

*As a result, America's soft power - its ability to influence people in other countries by the force of example and by the perceived legitimacy of its policies - is weakening.*

*And in a turbulent, globalizing world, where the U.S. - rightly or wrongly - is associated by many with the disruptive effects of globalization, soft power matters more than ever. It is a resource that once squandered is very difficult to build-up again.*

More recently, the findings of the 2007 Pew Global Attitudes Project, released in June of this year, make the same point: America continues to lose friends around the world, the country's global reputation is in deepening crisis, and the situation is not improving. The implications for the future are grave.

## **ROOT CAUSES**

The rise in anti-Americanism is the result of a number of complex factors, which have collided, in recent years. As a result, Business for Diplomatic Action believes that there are no "quick fixes" to the problem. Instead, this is a long-term issue that will demand close attention and concerted efforts for years to come.

First, throughout much of the world there is widespread disagreement with current U.S. foreign policy and a general dislike of the current U.S. Administration. The war in Iraq and numerous policies adopted in the name of the broader "war" on terror, as the BBC study notes, have sparked sharply negative opinions toward America.

***AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy***

But U.S. foreign policy is not the only cause of anti-Americanism today. To the contrary, several of the factors that drive anti-American sentiments are unrelated to U.S. politics, policies, or the Iraq war. These factors were evident in global public opinion trends well before the 9/11 attacks. Resentment, dislike and outright hostility toward America, in other words, have been building for quite some time.

One long-term factor is the West's very success in its major foreign policy objective since World War Two: victory in the Cold War. America's subsequent status as the sole remaining global superpower—or, to some, a “hyper power”—has spawned anxiety, even fear, about the U.S. using its power indiscriminately. Even among our closest allies in Western Europe, widespread worries about American unilateralism and hegemony have been pronounced for years.

Another important factor has been the effect of globalization on local societies, particularly in parts of the developing world but also in advanced economies like Western Europe. There is a perception that the current wave of globalization is U.S.-led, that it has been exploitative, and that it has left many people behind as “have nots.” Meanwhile, the relatively strong economic performance of the U.S. economy over the past two decades has inspired envy as well as the concern that globalization seems to work well for America but not for others. This atmosphere of skepticism about American intentions in a globalizing economy has also further emboldened others to challenge the U.S. directly and indirectly—politically, economically, and militarily.

Another key trend has been the increasing global criticism directed at American popular culture. While U.S. media and entertainment products still unquestionably dominate the world stage, perceptions of American morality and values are increasingly negative. The affinity that people from other societies feel toward American culture has been eroding for years. And in some non-Western cultures—throughout much of the Islamic world, for instance—American values and lifestyles are seen as not only immoral but also as a serious threat to traditional cultural mores.

Then there is the longstanding “ugly American” phenomenon: the perception that Americans are arrogant, insensitive, and ignorant about the world. To many people, Americans appear to be parochial and culturally clueless. While this is not a new critique, in the current context of unrivaled American military power combined with American-led economic globalization, the “ugly American” is far more worrisome—and even seen as dangerous—to a growing number of the world's citizens.

## **ECONOMIC CONSEQUENCES OF THE CRISIS**

The economic consequences of America's reputation crisis are difficult to quantify in a precise manner, for a number of complex reasons.

At the macroeconomic level, international flows of trade and investment respond to a wide variety of factors, such as changes in national competitive advantages, currency fluctuations, interest rate movements, regulatory measures, trade barriers, and many others. The fact that the United States is currently running its largest current account deficit ever, both in absolute and relative terms, cannot be explained by any one reason alone. And the contribution of anti-American sentiments in foreign markets to the financial imbalance between the U.S. and the rest of the world is nearly impossible to gauge. What is indisputable, however, is that America buys much more from the rest of the world than the world buys from it.

At the microeconomic level, a similar conundrum prevails: A multiplicity of forces—competition, pricing, advertising, promotions, distribution, etc.—drive a company's sales, and economists have yet to develop formulas that can quantify the precise contribution of each to overall sales performance. For instance, global businesses spend hundreds of billions of dollars each year on advertising, but there is no accurate measure for the return on investment for most of these expenditures. Nevertheless, businesses continue to advertise because they know this is necessary to drive sales.

The same is true concerning anti-American sentiments and their impact on U.S. businesses: There is no formula for computing the exact impact of these attitudes on the sales and profit performance of American companies and their brands. But few economists would argue that the persistence of these negative attitudes is *good* for American business; the question is whether the impact on sales is neutral or negative.

That said, there are some compelling examples of how anti-American sentiment is adversely affecting the U.S. economy. The strongest evidence comes from the travel and tourism sector, and specifically inbound travel to the United States by international visitors. When people visit another country, especially on vacation, that country literally becomes the "product" that is being sampled by consumers. And in this case, the "American product" is definitely losing market share to other countries because of negative attitudes toward America and the difficulties, real and perceived, involved in coming here in the post-9/11 world.

Since 2000, as the global travel market has grown, the U.S. share of that market has shrunk from 7.5 percent of the total market to 6.1 percent by the end of 2006. While this might seem like an insignificant decline, according to the Travel Industry Association of America this translates into about \$20 billion less in spending in the U.S. economy, about 200,000 lost jobs, and a loss of \$3 billion in tax revenue. Business travel to the U.S. over the same period is down by 10 percent, while business travel to

*AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy*

Europe has risen by 8 percent—and this at a time when the value of the dollar has fallen to all-time lows compared to the euro, making the U.S. a comparatively inexpensive travel destination.

The dramatic depreciation of the dollar in recent years—itsself caused in large part by foreigners' growing unwillingness to hold dollar-denominated assets backed by explicit or implicit guarantees from the U.S. government—masks the actual performance of many American companies in global markets. While reported sales and earnings in foreign markets have continued to be strong for U.S. firms, a significant portion of that “growth” has actually come from the devaluation of the dollar, because U.S. companies report their sales and earnings in dollars. A truer measure of actual performance would be to express sales in local currencies—a daunting task, given the number of countries multinational corporations operate in—or in absolute volume (rather than dollar value) terms.

There is other evidence, however, about the adverse effects of anti-American sentiments and of recently instituted U.S. policies on the performance of American businesses. According to the Santangelo Group, a consulting, the more restrictive U.S. visa policies put into place after 9/11 cost American companies approximately \$40 billion between 2002 and 2004 as a result of higher costs and lost business. There is a large and growing body of anecdotal evidence of U.S. companies having to shift important business meetings offshore because of these policies. And there is a clear impact on staffing decisions as well, as it becomes more difficult for American firms to attract the best foreign talent as well as to transfer their own foreign employees to U.S.-based positions.

And it is not just the American business community that is suffering. Many U.S. colleges and universities are reporting a drop in applications from foreign students in recent years, attributable to the more restrictive visa policies. One estimate has placed the cost at \$1 billion in lost tuition per year, which does not include the loss of intellectual contributions from attracting fewer of the world's “best and brightest.” Hospitals are also reporting declines in the number of foreign patients seeking sophisticated treatments in the U.S. because of the new barriers to entering the country.

While pinpointing the precise costs of anti-Americanism on the U.S. economy would require an extensive research initiative, there is one lesson from well-established market research theory that is largely irrefutable: Attitudinal changes among consumers precede behavioral ones. Consumers must first form their opinions about a product or a brand before they make their purchase decision. The most important question is how long the time lag is between forming an opinion and making a choice in the marketplace. Attitudes, in other words, are leading indicators, and sales are lagging indicators.

For this reason alone, the rise in anti-American sentiments does not bode well for the future of the U.S. economy or of American businesses. Unless reversed, the negative trends in global attitudes toward America will exact an even higher price in terms of

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

increased costs of doing business and lower revenue potential, both within the U.S. market and in critical overseas markets. It's just a question of time.

## **WHAT GOVERNMENT CAN LEARN FROM BUSINESS**

The challenges that the United States now faces concerning its reputation and standing in the world have grown so large that, arguably, *all* Americans—whether in government, business, or the nonprofit sector—have important roles to play. And it is not just in official or professional capacities but also as individuals that more Americans need to be involved, as aware, concerned, and engaged “citizen diplomats.”

Business for Diplomatic Action believes that the U.S. business community can provide highly effective guidance for structuring and promoting an effective public diplomacy strategy, especially in dealing with some of these key root causes.

The types of skills and processes required to make friends and influence people around the world are the very lifeblood of the modern multinational corporation. For businesses to succeed globally, they must build consensus across many national borders, and establish procedures and processes that empower employees from different cultures to work together toward a common set of objectives.

U.S. multinational corporations have an obvious, vital business interest in helping to cultivate a favorable image of America. They all have large, and increasingly important, constituencies in other countries, whether as customers, employees or business partners. Of the eight million people who work for American companies abroad, approximately six million are local nationals. A fast-growing share of these companies' sales and profits come from markets outside the United States. The need to maintain open markets in a smoothly functioning global economy is crucial to business success.

To succeed in the global marketplace, U.S. corporations—indeed, multinational companies headquartered in *any* country—have had to develop their people, products, programs and processes by thinking strategically and internationally. The adage to “think global, act local” has been understood by the American business community for years. A “one size fits all” attitude simply does not pass muster.

For instance, the resumes of the CEOs of the top four Fortune 500 companies (ExxonMobil, Wal-Mart, General Motors, and Chevron) underscore the seriousness with which business approaches its international challenges. One of these CEOs is a native of Ireland, and all of them had senior management responsibilities for significant foreign operations prior to taking their companies' top job. It is no exaggeration to say that having firsthand experience and a deep understanding of consumers, employees and partners around the world is usually a prerequisite for a top leadership position in the corporate world today.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

Contrast this with the last five U.S. Presidents, all of whom, save one, had extremely limited international experience prior to moving into the White House. In terms of “hitting the ground running” this is a serious leadership deficit in our globalized world. The one exception over the past thirty years was President George H.W. Bush, who served as Ambassador to the United Nations, Director of the Central Intelligence Agency, and in the U.S. Liaison Office to the People’s Republic of China.

In addition, the State Department—the home of public diplomacy since the United States Information Agency (USIA) disappeared as part of a hasty post-Cold War restructuring—is hamstrung by a variety of factors, which tend to undermine public diplomacy programs. The most significant of these obstacles is the State Department’s primary purpose: to shape, advocate, carry out and defend U.S. foreign policy. Inasmuch as our current foreign policy is one of the root causes of anti-Americanism today, the State Department’s credibility as the architect and “seat” of our public diplomacy programs is immediately compromised in the minds of foreign publics.

Even if the State Department was the most credible agent to promote U.S. public diplomacy objectives, its effectiveness in this realm is undermined by its own history, culture, and traditions. Traditional diplomacy is focused on influencing heads of state and elite audiences, not *their* constituents. This broader responsibility has resulted in the Foreign Service Officers corps—our “front-line” professionals dealing with foreign publics—being woefully understaffed and wearing too many hats. There are just 6,000 Foreign Service Officers deployed worldwide today, which is about the same number of people in one U.S. Army brigade.

Rethinking the structure of the public diplomacy organization in the U.S. government is essential. Appointments and postings abroad have not been addressed with cultural understanding, professionalism, or a worldview required to advance public diplomacy objectives. Furthermore, many of our diplomats not only lack crucial language skills, but also often find themselves isolated in compounds, removed from the “street” of the country in which they are serving. This has been the case especially since enhanced security procedures were put in place after 9/11.

Global companies, in contrast, have had to devise sophisticated outreach techniques to listen to their international customers, segment their foreign markets, position their products and services accordingly, and communicate effectively in a fast-changing media and technology environment—all in an effort to win friends and loyal customers for their brands. That is what is required to be attractive (and profitable) in today’s global marketplace.

This is fundamentally the same challenge that America faces in its public diplomacy: Maximizing the popular appeal of America in the global marketplace of ideas, and doing so in a way that preserves the integrity of American values and promotes vital American national interests.

## **BUSINESS SKILLS RELEVANT FOR PUBLIC DIPLOMACY**

Certain skills and capabilities honed over the years by U.S. companies could play a major role in helping to advance our short- and long-term public diplomacy agenda. Specifically, three sets of skills are required in this new age of public diplomacy:

***Listening to people we are trying to persuade:  
Effective utilization of public opinion and market research.***

Conducting research is usually the first step taken by business before launching or repositioning a product, service, or idea. Well-designed research can achieve multiple objectives, including: (1) determining whether a concept will be successful in the market before investing significant sums to produce, launch and publicize it; (2) segmenting audiences to determine the different needs of different consumer groups, and the most attractive groups to pursue; (3) informing the thinking for the creative strategy that will be used to communicate and take the concept to market.

Advanced public opinion and market research skills are critically underdeveloped in the U.S. government agencies responsible for our international relations. In part, this again may be a question of insufficient funding. The State Department spends only about \$5 million each year on global opinion research to understand what foreign publics think about our country, our people, and our policies. The Microsoft Corporation alone spends more than five times that much to research its global customer base.

Other federal departments and agencies do not contribute much to our government's understanding of foreign publics. While the Central Intelligence Agency conducts some opinion research in various parts of the world, legal and bureaucratic constraints limit its viability, reach and effectiveness. The Department of Defense may be the exception to this rule when it comes to spending on research, but we believe that the Pentagon is neither the right designer nor the proper executor of the kind of research needed to support effective and meaningful public diplomacy.

Simply put, the U.S. government is very poor at listening to and understanding foreign publics. It is far behind the private sector in its understanding and use of sophisticated research techniques at the global level. Global public opinion research is an area that needs to be expanded and developed in concert with the much more experienced U.S. business community.

***Positioning our country as "culturally attuned"  
to influence and persuade the "global street": Creative strategy.***

In many respects, one of the most significant challenges for U.S. public diplomacy is dealing with the very ubiquity of America's image in the world. More than any other nation in recent history, America has captured the imagination of people from

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

virtually every culture. Many people believe that they “know” America and Americans. Our background as a nation of immigrants is one reason for this perception; the global pervasiveness of American entertainment product, media, and technology is another.

Much of this “street knowledge” is based on stereotypes, oversimplification, disinformation, or simple misunderstanding of who Americans are. But the point is that many people around the world, for one reason or another *believe* they understand what America and Americans are all about. Perception is reality, and this vastly complicates the task of persuading people about the real qualities of America.

And popular perceptions of America vary significantly across different cultures, further confusing the picture. Many Western Europeans, for instance, believe that American values are too anchored in religious beliefs and profoundly conservative, even archaic, social mores. On the other hand, in many Islamic societies, American culture is widely perceived as too permissive and libertine, even immoral. So addressing one set of negative perceptions, or misperceptions, will almost inevitably aggravate the other one.

In this fragmented market of global opinion, positioning America’s promise to the world requires an insightful creative strategy—one that builds on the foundation of basic American values, but that adroitly tailors messages to multicultural constituencies. U.S. corporations arguably have a very strong track record in doing just that. Whether it’s Sesame Street or Coca-Cola, MTV or McDonald’s, these companies and their communications agencies know how to create strategies that preserve the fundamental meaning of their brands but communicate persuasively to different local cultures.

This is not to say there haven’t been missteps by the private sector; there have been, of course. But U.S. business, as a matter of necessity, is well disposed to mid-course corrections and learns relatively quickly from its mistakes. And U.S. public diplomacy today needs the kind of smart, creative thinking that has launched—and perpetuates—great global brands and the businesses behind them.

***Developing a communications platform to reach the largest audiences effectively:  
Marketing, advertising, and public relations.***

With the global communications landscape changing dramatically over the past two decades, driven both by rapid technological progress and the proliferation of media options, new thinking and expertise are needed for successful U.S. public diplomacy. The growth of the Internet has profoundly democratized communications possibilities via web sites, blogs, and e-mail. The worldwide explosion of channels in traditional media like television has created unprecedented demand for content and outlets for information.

Navigating through this fast-changing media environment, and finding ways to optimize the effectiveness of a communications strategy, has become a daunting task. Once again, the American business community is arguably far ahead of the U.S. government in understanding and mastering these 21<sup>st</sup> century issues.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

At a time when the U.S. government was printing *Hi* magazine to reach Arab youths, many of those young people were receiving anti-American messages on their cell phones. The U.S. government had no effective content or program to compete. Web sites with links to Al Qaeda host horrific content—but also have amazingly high production values. Official U.S. government web sites are staid and unpersuasive in comparison.

In part, the issue is, again, one of funding—or rather, under funding. According to the latest figures, for instance, McDonald's spends three times as much making friends for itself around the world as the U.S. government does. This fact alone demonstrates, if nothing else, that business regularly invests a lot of money creating new communications campaigns, exploring new media, and experimenting with different techniques to influence and persuade people. Most global companies have now adopted sophisticated multi-media, multi-channel, multi-segment communications strategies that incorporate not only traditional media and new Internet channels but also techniques such as word-of-mouth and guerilla marketing.

The government, unfortunately, needs to play “catch up” in many of these areas. But new developments in technology and media are occurring so quickly that the finish line keeps receding into the distance at a faster pace than the government willingly moves ahead. This situation must change.

## **IMPLICATIONS FOR POLICY**

Given the gravity of the current situation, a dramatic reappraisal of U.S. public diplomacy strategy and tactics is long overdue. And because repairing the serious damage to America's reputation will take years, we need new thinking about public diplomacy that transcends conventional political wisdom and that is sheltered from partisan political infighting. This is a long-term problem that demands long-term solutions, and an ability to “stay the course” beyond the life of any one Administration.

From its experienced perspective, Business for Diplomatic Action offers the following four recommendations for immediate consideration. We call for action by the U.S. government, the U.S. Congress, and by the current 2008 Presidential aspirants of *both* political parties as they consider their policy platforms. Fundamentally, the future of U.S. public diplomacy should be an essential part of the 2008 national debate.

- I. STRUCTURE: Reorganization of the public diplomacy function in the U.S. government with the creation of an independent Corporation for Public Diplomacy (CPD) and the establishment of a cross-agency National Communications Council (NCC), reporting to the President**

***AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy***

The responsibility for creating, conducting, and evaluating most public diplomacy programs should be removed from the U.S. State Department and housed in a new, quasi-governmental entity such as a Corporation for Public Diplomacy.

The function of public diplomacy is distinct from the “selling” of specific U.S. foreign policies. For this reason alone the State Department is not the right organization to lead the public diplomacy effort. The State Department’s primary responsibility is to formulate and advocate foreign policy, whereas public diplomacy needs to be an independent contributor to the debate about the best and most appropriate foreign policies—but not the “marketing arm” for those policies themselves.

Foreign policy is only one of the drivers of America’s reputation in the world; other factors can have a broader and salutary impact on global public opinion. Public diplomacy initiatives designed to deal with these other causes will almost invariably suffer if they are perceived as being tied tightly to promoting specific foreign policy objectives. Instead, those initiatives should be housed in an organization that is independent of the State Department.

In the view of Business for Diplomatic Action, the U.S. needs a bold reorganization of the management of public diplomacy efforts. Recommendations along these lines have been offered to various government bodies by the U.S. General Accounting Office, the U.S. Advisory Commission on Public Diplomacy, the Independent Task Force on Public Diplomacy at the Council on Foreign Relations, and others. Business for Diplomatic Action believes that the creation of a Corporation for Public Diplomacy, generally along the lines put forth in the report by the Council on Foreign Relations, is a proposal with great merit that immediately deserves further investigation.

A Corporation for Public Diplomacy should be non-partisan and independent of the government. Its Board should be comprised of representatives of political parties, the business community, the media, and the nonprofit sector representing a wide spectrum of engaged Americans and citizen diplomats. The Corporation for Public Diplomacy should be structured as a business, and led by a CEO and management team held accountable for achieving performance goals. These goals should be established with a set of publicly disclosed, quantifiable set of metrics that measure the key strategic objective of public diplomacy: the improvement of America’s reputation and image in the world.

In addition, we propose the establishment of a National Communications Council (NCC), an inter-agency entity to serve as the President’s principal arm for coordinating public diplomacy and strategic international communications policies among various U.S. government departments and agencies, just as the National Security Council does for security and foreign policy and the National Economic Council does for economic policy.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

While the government has increasingly recognized the need to coordinate public diplomacy initiatives and strategic communications to foreign audiences across the many agencies involved in these activities—especially the Departments of State, Defense, and Homeland Security as well as USAID, the Broadcasting Board of Governors (BBG), and others—until recently very little has been accomplished. In November 2006, the Department of Defense created its Strategic Communication Integration Group (SCIG) and Office of Support to Public Diplomacy (SPD). In June 2007, the State Department released the first national strategy for public diplomacy and strategic communication, and in July 2007 it established the first interagency Counter-Terrorism Communications Center (CTCC). The Department of Homeland Security has done relatively little in terms of coordinating its communications with other departments and agencies thus far.

U.S. Presidents, their press secretaries and directors of communications, and the politically appointed press secretaries for government departments and agencies have long focused on communications strategies for domestic American audiences. What has been largely missing in recent years has been the development of communications expertise focused on foreign public opinion and non-elite, general audiences. This situation needs to be redressed immediately, because we now have many messengers sending out uncoordinated, sometimes conflicting, messages about our country.

Currently, the Under Secretary of State for Public Diplomacy and Public Affairs, Karen Hughes, chairs the Strategic Communication and Public Diplomacy Policy Coordinating Committee (PCC), which has been given the task of interagency coordination. It is widely acknowledged in Washington that, because of Under Secretary Hughes' close personal relationship with the President and Secretary of State Rice, she is able to command significant levels of cooperation across the involved departments and agencies. At the same time, however, it is highly unusual for a person at the level of Under Secretary to have such a high degree of interagency authority. The general consensus is that this situation will most likely *not* persist in the next Administration.

For these reasons, Business for Diplomatic Action believes that the establishment of a National Communications Council (NCC) or similar body, reporting to the President, is necessary to elevate and institutionalize the role currently being played by the Strategic Communication and Public Diplomacy Policy Coordinating Committee (PCC).

**II. STRATEGY: Development of a public diplomacy and communications strategy for the United States, based on rigorous research and new creative thinking**

The first mandate of the new Corporation for Public Diplomacy should be to employ the skills, techniques and processes that global businesses use to assess relevant opinions and position themselves for success. At the outset, the corporation should listen carefully to America's important constituencies around the world, engage them in a dialogue about America's role in the world, and develop a clear plan for communicating America's values and vision to the world.

**AMERICA'S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy**

While Under Secretary Hughes released a national public diplomacy strategy in June 2007, the publicly available documents about it suggests that much work remains to be done in the critical areas of segmentation, positioning, and communications planning. The current plan is not so much a strategy but more a general call to action.

This outreach initiative for America is critically important as a starting point. Much of what could be taken for granted about America in the 20<sup>th</sup> century either no longer applies in the 21<sup>st</sup> century or has been seriously called into question by the events and trends of the past decade. Complacency about the global mindset concerning the United States—believing that “we know” what “they think” about us—is a recipe for continued growth in anti-Americanism.

It is recommended that this process and subsequent communications steps be guided by the same disciplines and approaches used by multinational corporations in developing their own global strategies, specifically: research, positioning, creativity, marketing, advertising, public relations, and media. This speaks to the need to engage the private sector from the outset in a revitalized public diplomacy program, in a manner that attracts corporate commitment and talent.

**III. SUPPORT: More infrastructure support for public diplomacy, both in funding and human resources**

Assuming that the organizational change to establish the Corporation for Public Diplomacy is adopted, and a mandate to reevaluate public diplomacy processes and procedures is accepted, Business for Diplomatic Action joins many others who have called for more funding and more human resources for public diplomacy efforts. But clear parameters need to be put in place to guide the increase in spending, to ensure efficiency, accountability, and measurable results.

The United States spends far less on “waging peace” than it should. But how much more should be spent? Advocates for more support often cite the spending ratios for public diplomacy at four percent of the U.S. international affairs budget, three percent of the intelligence budget, and about one-half of one percent of U.S. defense spending.

A reasonable increase in public diplomacy spending by the U.S. government—given the caveats about organizational and procedural issues discussed above—would be, at minimum, a doubling of current annual expenditures dedicated to the State Department for public diplomacy programs, from approximately \$1.5 billion to at least \$3.0 billion. These funds should be used to establish the new Corporation for Public Diplomacy.

#### **IV. SPECIAL INITIATIVE: Creation of a “reserve” Foreign Service Officer and “Goodwill Ambassador” corps**

Among the most underutilized resources in the effort to restore respect for America and gain better understanding across cultures are active and retired professionals from U.S. multinational businesses, NGOs, the global media, and academia. Many of these individuals see, firsthand, the effects of anti-Americanism around the world, are concerned about it, and are motivated to engage in efforts to improve the situation.

Not only are many of these professionals motivated to engage in public diplomacy initiatives, but many are highly qualified as well. Typically, their careers and travels have exposed them to diverse cultures, giving them a firsthand understanding of cross-cultural issues. They have networks of personal and professional contacts around the world, and a fair number of them speak a foreign language as well.

This reserve corps could be given training in public diplomacy issues, programs and initiatives, perhaps at the Foreign Service Institute. They could also be enrolled in courses offered by third parties, such as the one-day CultureSpan course on global corporate diplomacy developed by Business for Diplomatic Action and the Thunderbird School of Global Management.

Another concept worth further exploration is the development of a corps of “Goodwill Ambassadors” and a youth corps who, while outside the formal diplomatic corps, could represent America. United Nations agencies, such as UNICEF, UNDP, UNHCR, and UNFPD, and some governments, such as Denmark, make extensive use of such ambassadors. Lest we forget, the Peace Corps remains one of the most effective and genuine public diplomacy initiatives ever conceived in terms of representing the United States abroad. In a similar vein, the U.S. State Department’s program of cultural ambassadors and cultural envoys should be expanded.

#### **CONCLUSION:**

Business for Diplomatic Action believes there is an urgent need to dramatically overhaul the management of our public diplomacy efforts so that America, as a nation, can work not only to rebuild bridges of trust abroad but also help defuse the hatred that spawns terrorism. As troubling as the current outlook seems, we are confident that positive change can be achieved. America’s history demonstrates that we have the vision, the knowledge, the resources, and the will to do the job needed.

American business has been operating successfully in the global economy for decades, and it has developed management and communications techniques, processes and approaches that demonstrably work across virtually all of the cultures of the world. In many if not most respects, U.S. multinational corporations are no longer just American companies but are truly global ones. It is precisely the global expertise that they can

***AMERICA’S ROLE IN THE WORLD:  
A Business Perspective on Public Diplomacy***

bring to bear—and the global interests that they represent—that are sorely needed to address the new challenges in our increasingly interconnected, interdependent world. The private sector can—and must—play a leading role in a new national partnership to transform America’s public diplomacy strategy, initiatives, and programs.

Business for Diplomatic Action is working hard to put the issue of U.S. public diplomacy front and center in the national dialogue and the emerging political agenda of both the Republican and Democratic parties. Business for Diplomatic Action will be issuing a set of more specific policy recommendations for Congress and the Administration in early 2008, and we call upon the U.S. business community and the American public to become more actively engaged in promoting this new agenda for U.S. public diplomacy.

\*\*\*\*\*

***ABOUT THE AUTHORS***

This position paper on public diplomacy represents the majority view of the Board of Business for Diplomatic Action, a nonpartisan, not-for-profit organization whose mission is to enlist the U.S. business community in actions to improve the standing and reputation of America in the world. The principal author of this paper is Tom Miller, founding Board Member and Vice President of Business for Diplomatic Action, assisted by Cari Guittard, Executive Director, and Jill Schuker, Senior Advisor. Keith Reinhard, President of Business for Diplomatic Action, has overall editorial responsibility for this position paper on public diplomacy.

For more information about Business for Diplomatic Action and a list of current Board Members, please visit [www.businessfordiplomaticaction.com](http://www.businessfordiplomaticaction.com) .