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PARTICIPANTS:

**Introduction**

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**Featured Speaker**

THE HONORABLE CHUCK HAGEL (R-Neb.)  
United States Senate

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## P R O C E E D I N G S

MR. TALBOTT: Good morning, everybody. I'm Strobe Talbott, and it's my honor to welcome you all here today. And it's my particular honor to welcome Senator Chuck Hagel back to this podium where he's been before.

He is, as all of you know, a true statesman on Capitol Hill, and a true statesman representing this country. He has been a strong and independent voice on U.S. foreign policy for many years. He's helped us here at Brookings on a range of projects aimed at reform of the United Nations system and the improvement in the effectiveness of U.S. foreign aid, among quite a number of other things.

Now, like many, Senator Hagel has been focused on the daunting global challenges that are facing the next President of the United States. That is a major theme of his new book, America: Our Next Chapter. I've read the book. I recommend it very much to you, as do Colin Powell and our trustee, here, Jim Wolfensohn.

What is remarkable about the book is the way in which it combines a sense of history -- starting

with the epigraph on Abraham Lincoln, right through the conclusion, which evokes the spirit of the Founding Fathers, and a lot in between deals not only with contemporary issues and recommendations for the future, but also with some quite extraordinary personal history about the Senator himself.

As I think all of you know, his is quite a story. He's a Vietnam veteran with two Purple Hearts, two terms representing the people of Nebraska in the United States Senate, member of the Senate Foreign Relations Committee and the Intelligence Committee, among others.

Just the latest example -- which could hardly be more timely today--of his ability to work across the aisle on behalf of the best interests of the country and some particularly important constituencies, is the GI Bill, which he has co-sponsored, along with Senator Webb. And while nothing is every absolutely certain in this city, or in the body where you work, Senator, I think it's pretty safe to say that that Bill, which upgrades the educational benefits for members of the armed services who have served since 9/11, will pass

the Senate later today, and will be signed into law by the President.

Now, Senator, like a lot of people, I began my day by reading The Washington Post. And I see that Bob Novak was good enough to preview the talk that you're about to give to us in his column this morning. In doing so, Bob Novak characterizes the role that you're playing in American politics with a new, trendy word that I'm not even going to echo -- not least, because it defines you with reference to another Senator from another party. And I think you deserve to have your own name associated with the restoration of common sense and hard-headedness on a bi-partisan basis.

So, ladies and gentlemen, I'm glad that we'll have a chance to listen to an exposition and a discussion of the Hagelian world view.

(Applause)

SENATOR HAGEL: That's very similar to the Talbottsian world view. Thank you, Strobe -- and to Brookings for an opportunity to give me a forum to exchange some thoughts. And I look forward to some questions and answers, if I'm capable, and any

suggestions, commentary, that your audience would like to offer. And I appreciate it. Thank you very much.

In 1979, one of America's greatest journalists, Hugh Sidey, wrote -- quote -- "Politics, when all is said and done, is a business of belief and enthusiasm. Hope energizes, doubt destroys. Hopelessness is not our heritage." End of quote.

These are wise words as America prepares for a defining Presidential election. Elections are about course corrections, and Americans are in a serious mood to change the direction of their country. According to the most recent Washington Post-ABC poll, 84 percent of Americans believe America is headed in the wrong direction. Gallup says it's 83 percent. These are historic numbers, and they register the depth of discontent with the current policies, leadership and politics of our country.

I believe what awaits the next President is an inventory of problems more complicated than what Franklin Roosevelt faced on March 4, 1933, and will require the same boldness of leadership and initiatives that FDR brought to his time in order to meet the challenges of our time.

The 2008 American Presidential election flows into an historic confluence of events. Our nation finds itself bogged down in two wars, with record high energy prices, deep devaluations and displacements in the housing, financial and credit markets, record private and public debt, inflation on the rise, future of health care uncertain for millions, intense economic pressures for many, a combustible, unpredictable and dangerous world, and a sense that America may be on the back side of history.

The world is in a state of transformation, with an astounding diffusion of power occurring around the globe. State-to-state relationships are maturing, shifting and redefining alliances and geopolitical influences. The great challenges facing mankind in this new century are not unique to nations, regions, religions or cultures. All citizens of the world must confront the threats of nuclear proliferation, terrorism, pandemic health issues, endemic poverty, environmental degradation -- and the most insidious and difficult of all, despair.

These are 21<sup>st</sup> century challenges that will require 21<sup>st</sup> century thinking, within a 21<sup>st</sup> century

frame of reference. History instructs and is a guide, but it cannot navigate our way, develop our strategy, or implement our policy. The rate and intensity of change today in a world of less and less margin of error has brought with it an unprecedented immediacy to actions, reactions and consequences. But wise leadership, exercising wise judgment that results in wise policy is never outdated.

Over the next four months our two candidates for President -- Senators John McCain and Barack Obama -- will have not just an opportunity but an obligation to clearly present their views and policies that would be the foundation that guides their presidencies. We live in complicated times. The issues that will determine our fate demand more than glib, 10-second answers and clever 30-second television ads. McCain and Obama are both smart, capable and decent men who love their country. Presidential campaigns are tough, and there should be vigorous debate which produces political tension.

But these two candidates must not allow this reality to control the process, thereby obfuscating the serious discussion of serious issues and specific



issues so critical to the future of America and the world.

Americans will decide who they believe is the more capable candidate to lead us over the next four years. But our candidates should also note that the world's leaders and citizens will also be carefully listening and observing this election. As the campaign unfolds, this global audience will begin to form expectations, shape judgments and adjust their own national strategies and policies based on what they perceive to be America's direction under a new leader. That process of evaluation is happening now.

One of these candidates is going to have to bring this country together, make the Congress a partner, form a broad consensus to govern, and help lead the world. If they so polarize and divide our country during the campaign, they will find it difficult to govern. The complexities of an interconnected world will require leadership and decisions from the new President the day he takes office. These realities won't wait until America might come back together.

This American Presidential election presents unparalleled opportunities for our country and our two candidates. They must not squander this magnitude of the moment. The next President and his team will have a unique opportunity to capture domestic and international support unlike any time since September 11, 2001. I believe that America and the world will follow an honest competent and accountable American President.

To seize this moment, the next President will not have the luxury of extra time to prepare to govern. The candidates must begin that work now, as they earn the trust of the people over the next four months.

What better optic for the world to see than a Presidential campaign of relevant, vital and imaginative ideas and inspirational leadership? That would make a difference in the ability of the next President to move quickly and confidently to form a government based on a consensus to govern, with the hope and good will of the world with him.

This is within the grasp and capacity of Senators McCain and Obama. America's politics are in the throes of a political reorientation. The plurality

of registered voters in America today are Independents -- not Republicans, not Democrats.

Politics mirrors society. It reflects our times, and is the process that carries democracies to their destination. Campaigns are about politics. Elections are about governing. Both are about the future.

Just as we must sense the opportunities ahead of us, we must also be clear-eyed about the awesome challenges we face. Let's dispense with the political re-litigating of the mistakes of the past and move into the future. We are where we are -- and I believe America is in trouble. The next President's challenge will be to fix problems and make a better world. That's what defines leadership.

America's competitive position and strength in the world demands that we address the domestic challenges that are eroding our economic strength and consuming our government budgets. Our next President will be faced with a long list of important issues that touch every American, and will require serious reform, such as entitlement programs, Social Security,

Medicare, Medicaid -- tax and regulatory systems, public infrastructure, health care, and immigration.

Our national debt and its rate of accumulation of deficits is not sustainable. If this continues, America's debt burden will crush our children's future. Economic strength is the foundational base that determines our ability to project and use all of our instruments of power, including diplomatic and military power. The rule of law, property rights, open markets, productivity, technology and science have all contributed to America's great prosperity and success.

Trade is a driving force for sustained economic prosperity and job creation, both in the United States and throughout the world. Trade, however, is not a guarantee. The ongoing credit crisis and skyrocketing world food and energy prices are among the recent temptations for countries to restrict markets and veer toward protectionism that leads to dangerous insular thinking. These temptations must be resisted, and the hard-earned lessons of history not forgotten.

The United States must continue to press for a successful conclusion to the Doha Round of global trade negotiations. America's leaders should stand behind our trade agreements and support the pending free trade agreements with Colombia and South Korea and Panama, as well as renewing trade promotion authority for the next President.

Energy drives prosperity in the world, and is a principal determinant of our economic welfare. In the last four years, gas prices have risen by more than 100 percent. Every American is feeling the effect, and there is little relief in sight. There is no near-term substitute for oil, natural gas and coal, but our next President needs to initiate policies that will eventually break our long-term reliance on oil. This includes more investment, research and focus on technology, alternative and renewal sources of energy, particularly nuclear energy, conservation, mass transit and seriously improving our mileage standards. This is an area where the American people are ahead of the politicians.

There is no perfect energy policy or solution. None of these imperfect solutions will

satisfy everyone. But we know there is no such thing as a risk-free society. Increased energy production and supply must be organizing principles of our economy and government policies.

Our infrastructure is in a state of crisis. As Kansas City Mayor Mark Funkhouser stressed when he told our Banking Committee two weeks ago, quote, "We are witnessing a quiet collapse of prosperity." End of quote.

Morgan Stanley has projected that emerging economies will spend \$22 trillion on infrastructure over the next 10 years. Like our work force, American's nation's infrastructure is aging, and will require new initiatives like the Bill that Senator Chris Dodd and I have introduced to create a national infrastructure bank that would allow private investment to finance public infrastructure projects.

As America is working its way through its most pressing issues, the world is undergoing tectonic shifts. Five billion of the world's six-and-a-half billion people live in less developed regions, and 40 percent of the world's population is under the age of 19 years old.

Fifty percent of economic growth over the next decade is estimated to come from emerging economies. For example, in 2000, trade between India and China was \$2 billion per year. Last year it was \$2 billion a month. Sovereign wealth funds today hold over \$3 trillion, and they are projected to grow by \$1 trillion per year, enhancing emerging economic power, such as Russia, China, India, Brazil, nations of the Persian Gulf and Asia.

As we witness these remarkable shifts, America continues to spend billions of dollars a week stuck in Iraq and Afghanistan. This has resulted in an undermining of our influence and interest in these regions of the world, as well as draining a tremendous amount of resources, attention and leadership away from our other national priorities. We cannot escape the reality that Iraq and Afghanistan will remain centers of gravity for U.S. foreign policy. The United States has today over 190,000 troops deployed in Iraq and Afghanistan -- a number unlikely to change significantly by January 20<sup>th</sup> of next year.

And we continue to take more and more American casualties in both wars, losing 10 Americans

in Iraq over the last three days. The most dangerous area of the world, representing the most significant U.S. national security threat is not Iraq, but the border region between Afghanistan and Pakistan. As the Government Accountability Office has concluded in separate reports in the last two weeks, we still lack relevant, long-term strategies to achieve sustainable security and stability in both Iraq and Afghanistan.

Our ability to influence and shape outcomes will be measured by the larger and longer-term objectives of common interests in all areas of our security -- not just Iraq and Afghanistan. The success of our policies and efforts will depend not only on the extent of our power, the strength of our purpose and cohesion of regional alliances, but also by an appreciation of great power limits.

America's long-term security interests are directly connected to alliances, coalitions, international institutions, and our standing in the world. No country -- no country, including the United States -- is capable of successfully meeting the challenges of the 21<sup>st</sup> century alone, whether it is terrorism, economic growth, climate change or nuclear



proliferation. Yet today, much of the world has lost its trust and confidence in America's purpose, and question our intentions. The next President will have to reintroduce America to the world in order to regain its trust in our purpose as well as our power.

International institutions are more important now than in time in modern history. Our post-World War II alliances and partnerships, particularly with the European Union, Australia, Japan, South Korea and Turkey, must be strengthened and re-calibrated to recognize that these powers are no longer American 20<sup>th</sup> century surrogate powers, expected to automatically do our bidding or agree with our positions. Our relationships with these nations and others have matured, bringing more equality and balance to the relationships.

All of today's most pressing global challenges require some degree of consensus and common purpose. Working through international institutions and alliances -- as imperfect as they are -- to build broad diplomatic consensus may be difficult, time-consuming and frustrating, but they are the best options and smartest approaches to sustainable and

effective strategic outcomes. The alternative of unilateral action is no substitute, and undermines our influence, and further isolates us in an interconnected world.

Today, as most of you know, President Bush announced a significant step regarding North Korea. As a result of the multilateral six-party process, North Korea has provided a nuclear declaration and will soon destroy the cooling tower and its nuclear reactor. The United States will respond by lifting sanctions and removing North Korea from its list of state sponsors of terror. Although more work remains to verifiably end North Korea's nuclear weapons program, this important achievement of the Bush America for America and the world is the direct result of painstaking, multilateral diplomacy. The President and his Administration -- and, in particular, Assistant Secretary of State Chris Hill -- deserve credit for their efforts and this accomplishment.

Nuclear proliferation will require special attention by the next President. Today's post-Cold War nuclear nonproliferation framework has become inadequate as more states seek nuclear capacity, and

nuclear know-how is becoming increasingly more accessible. According to the International Institute for Strategic Studies, in the last two years over a dozen Middle East countries have announced intentions to established nuclear power programs and build nuclear reactors.

The world must build a new 21<sup>st</sup> century nuclear nonproliferation and disarmament framework. And the United States, Russia, China, India and European nuclear powers must lead this effort. The 2010 Review Conference, a meeting of members of the Nuclear Nonproliferation Treaty, will be a key opportunity for the United States to pursue this objective. But the next President cannot wait or depend only on this opportunity. He must initiate and lead on this issue next year.

The United States must pay particular attention to three key relationships: China, India and Russia. America's relationships with each of these three countries will continue to be comprehensive, including areas of agreement and disagreement. We cannot, however, allow these relationships to be dominated and shaped by our differences, or we risk

creating dynamics that can quickly get out of control and beyond our control, and move down a dangerous and irreversible path. We must define these relationships on our common interests -- most notably, our relationship with Russia needs a renewed focus on issues such as the U.S.-Russia Civil Nuclear Cooperation Agreement, the so-called "One, Two, Three Agreement" now before Congress. This agreement is clearly in the interest of America, Russia and the entire world, allowing for significant bilateral nuclear cooperation between these two nuclear powers. Blocking this agreement would adversely affect all areas where we will need Russia's cooperation, such as Iran and North Korea.

The Middle East today is more dangerous, more complicated and more interconnected and more combustible than ever before. Regional comprehensive strategies, rather than individual nation-by-nation compartmentalized policies will be required in this troubled region. As one of his most immediate priorities, the next President will need to implement a comprehensive geo-strategic approach to the broader Middle East region, spanning North Africa to

Afghanistan and Pakistan. This will require employing all of our instruments of power: diplomacy, trade, exchange and economic assistance programs, alliances, intelligence and military might.

We are engaged in a war of ideas and ideologies to win over the youth of this region. Classrooms are the battlefields. This will require a revolutionary universe of new thinking and policies. The human dynamic always dictates outcomes.

The United States must enhance its initiative and support of Israel-Palestinian negotiations. We should make clear our support for direct Israel-Syria and Israel-Lebanon negotiations -- and be prepared, at the right time, if asked, to become directly involved, including as a sponsor. We should take the initiative to re-engage Syria by returning the U.S. Ambassador to Damascus.

The United States should open a new strategic direction in U.S.-Iran relations by seeking direct, comprehensive and unconditional talks with the government of Iran, including opening a U.S. Interest Section in Tehran. We must avoid backing ourselves

into a military conflict with Iran. That need not happen, but it can be a self-fulfilling prophecy.

We are currently in a strategic cul-de-sac in the Middle East, and we need to find our way out, with new policies. Engagement is not appeasement. Diplomacy is not appeasement. Great nations engage. Powerful nations must be the adults in world affairs. Anything less will result in disastrous, useless, preventable global conflict.

America's occupation of Iraq and Afghanistan is not a win-lose proposition. That is an inaccurate context for our objectives and our policies. Stability, security, prosperity and peace in the regions are the objectives. That is the appropriate context. There will not be a military victory in these conflicts. As General David Petraeus stated in a recent Senate Foreign Relations Committee hearing, "There is no military solution in Iraq." The outcome in Iraq and Afghanistan will be decided by the people of these nations, and that outcome will be much influenced by their neighbors -- India, Pakistan and Saudi Arabia. They are the three most critical nations in this equation.

The leaders of Iraq need to find a common ground of political accommodation, preparing then for political reconciliation to govern their country and assume responsibility for security and prosperity of its people. As CSIS President and former Deputy Secretary of Defense Dr. John Hamre recently wrote -- quote--"Iraqis genuinely want us to leave. And the only issue in question is when, and how quickly. What we need now is realism about Iraq. We haven't failed, but 'winning' won't fit any traditional definition of success." End of quote.

The next President will need to pursue a responsible, phased troop withdrawal from Iraq that will slowly, steadily but surely bring to an end the U.S. occupation of Iraq. America's way out of Iraq will require a regional, diplomatic strategic that includes a sustained and disciplined American engagement with all of Iraq's neighbors, notably Iran and Syria, as well as the international community. This would also include a regional security conference, supported by key international institutions.

Our goal should be to build a constructive regional and security framework supported by the

international community, to help the Iraqis achieve a core of political stability. It is up to the Iraqis how they will shape their government and build their country. The framework for a continued U.S.-Iraqi relationship is presently being negotiating through a status-of-forces negotiations. But there should be no urgency to reach any agreement this year that fails to enjoy strong and broad political support, both in the United States and Iraq. The experience of the British with the failed 1930 Security Treaty with Iraq should serve as a warning and guidepost for all of us in this matter.

While Afghanistan's future remains uncertain, the success of the Paris Donors Conference earlier this month, where more than \$20 billion -- including \$10 billion from the United States -- was pledged to assist Afghanistan, could be a foundation to build a new international strategic priority on Afghanistan. We need to emphasize institution-building, including increased budgetary assistance and vigorous anti-corruption programs, more effective and integrated international coordination, preferably through the U.N.'s Special Envoy, and working from the



Afghanistan's priorities. They should all be central to our overall approach.

Strong and capably Afghan security forces will be the only sustainable solution for Afghanistan's stability. That must be our strategic objective. Until that is achieved, international forces are needed in Afghanistan. But we must be very careful about U.S. and NATO military footprint in Afghanistan. We need more troops to prevent security vacuums from emerging, as we witnessed in the southern province of Kandahar earlier this month. But we also need more effective NATO capacity, some of which remains constrained by national restrictions on the rules of engagement, known as "national caveats."

Another challenge that awaits the new President is the human condition of the world's impoverished populations. While the last 60 years brought unparalleled progress and prosperity for America and many parts of the world, it is equally true that there are billions of people who have been left behind. Helping these people break the cycle of poverty and despair is not only the right thing to do, but it is clearly in our self interest. The

impoverished regions of the world are the most unstable, volatile and dangerous areas, representing the greatest threat to America and the world. Extremism and terrorism breed in these locations. Therefore, we must pay attention to them -- a lot of attention.

President Bush deserves credit for his initiatives to create the Millennium Challenge Account, promoting sustainable long-term economic growth and good governance. The President's Emergency Relief Plan for AIDS relief, or PEPFAR, which has been the world's largest international health initiative in modern history to combat HIV and AIDS also deserves credit. These programs should continue. We can build on these programs.

In addition, we need to understand how some of the world's developed trade policies harm the world's poorest countries -- and, as I have said before, urgently seek a successful conclusion to the Doha trade negotiations. Public-private partnerships in these areas must become a central tenet in our development strategy. No government can do it alone.

The next President will need to assume a leading role in global climate change efforts to build an international consensus for actions that achieve results. Climate policy affects the world's economic, energy, environmental and security policies. Therefore solutions must also reflect these linkages. Dealing with global climate policy requires global leadership and global coordination, and we need to unleash the power of the free markets -- not new government-imposed cost and regulations -- to accelerate development and use of advanced technologies that reduce, eliminate and sequester greenhouse gas emissions in all countries.

Awaiting the next President are all of these great challenges that I've noted, and more. Senators McCain and Obama must conduct their campaigns with the recognition that their ability to lead is being shaped each day -- each day -- on the campaign trail. Both are serious men who are serious leaders, with differences in the way they'd approach the challenges that confront America and the world.

The day after the election, the hard work will begin for one of these men. He will need to gather around him the best people in America to utilize

all of the tools of an American leader in order to unify our country and govern.

John McCain and Barack Obama are meeting at a time of historic confluence. They will be forever linked together in history. The next four months will define how they are remembered. If they rise to the magnitude of the moment, when America and the world need them most, and engage in a Presidential campaign that strengthens our nation, enhances our image, inspires mankind, and makes us proud, then they will have been found worthy of the honor and responsibility bestowed upon them by the citizens of our great country.

Thank you very much.

(Applause)

SENATOR HAGEL: Thank you.

I'd be glad to respond to questions, comments -- however you want. I'll start in the back, and we'll work our way around.

Yes, sir.

MR. GAYA: My name is Taha Gaya, With the Pakistan-American Leadership Center.

You correctly noted that the U.S. doesn't currently have a long-term strategy for dealing with the conflict in Afghanistan and Pakistan. However yesterday your colleagues on the Senate Foreign Relations Committee -- Senator Biden and Senator Lugar -- put forth an initiative, the center of which is at one point \$5 billion per year tripling of non-security aid to Pakistan for the next 10 years.

Is that initiative something that you could support, and would recommend to Senators McCain and Obama?

SENATOR HAGEL: I am a co-sponsor of that initiative. I've been working with Senator Lugar and Biden on the initiative, helping write the initiative. Many of you may recall that Senators Biden, Kerry and I were in Pakistan in February during the elections, and met with all of the leaders during that time, as well as the day after the election.

And we combined, on our Pakistan trip, a trip to Afghanistan for two days and India for two days in the region. And it was during that time that Senator Biden put forward his thoughts on this piece of legislation which we have been defining and writing

since that time. I support it for the reasons I mentioned in my speech, as well as other reasons.

Now, in addition to that, we need to include this in a wider frame of reference of a larger framework of policy initiatives. It isn't just a matter of sending more money or writing more checks. And if you took note of that hearing yesterday -- which you obviously did -- you might recall my line of questioning. And partly my line of questioning was focused on the new initiatives that we're talking about -- the so-called "COIN initiatives."

I asked our witnesses why would this initiative be different? What would you do differently? How could you do it better?

You know the recent GAO reports and other reports that have come out about we're not sure where a couple of billion dollars went, and there's no verification of those monies, and did it go to the military, or what did the military use it for in Pakistan? We need to tighten that up. But it needs to be tightened up within a more cogent, focused, larger frame of reference as to what our objectives are, and how and where we're applying those resources.

We are always dealing in a world of uncontrollables in foreign policy -- and in that part of the world, especially, where it as dangerous and combustible as any one part of the world. You've got nuclear powers in that region, and historic tribal, religious issues. There are so many dynamics that are in play that we can't control. And I don't think we've done a particularly good job of factoring those things in.

Pakistan is a sovereign nation, and we have to recognize that. And we've got to find -- as I said in my remarks -- foundations of common interest where we can work from here, and frame those common interests that would dictate policies that are in the interest of both the Pakistanis and the United States.

That spills over, obviously, into Afghanistan. I mean, we can't talk about any kind of stability, security, future for Afghanistan without factoring in Pakistan.

So that's why I have particularly emphasized over the years -- in this speech I talk about it -- the regionalization of all of our policies. You can't compartmentalize policies. I'm not sure you ever good.

But certainly in this kind of a world, you can't do that.

Yes -- right behind.

MR. KARA-MURZA: Thank you very much. I'm Vladimir Kara-Murza of RTVI Television.

How do you assess Senator McCain's proposal to work for the expulsion or suspension of Russia from the G-8 because of its retreat from the standards of democracy that he voiced in a major foreign policy speech about a month ago? And, more generally, what's your view of the retreat from democracy in Russia in the last eight years?

Thank you.

SENATOR HAGEL: Well, on the question specifically about Senator McCain's comments, I am not a spokesman for either Presidential candidate, and it's not my responsibility to explain their positions. And I think they're doing that, and I hope they'll continue to do that.

But I think on that particular point, Senator McCain readjusted a little bit on what he said. But, again, I'm not going to get into trying to explain what he meant and what he didn't mean. I've laid out what I



think, and I would hope that -- as I note in my speech -- as we see this campaign unfold, that those kinds of issues will be brought forward rather than whether a candidate wears a flag in his lapel or not. And I don't think that has a lot to do with governing our country. But your questions do.

As to your second question, I think we've always got to be mindful of emerging democracies, emerging countries, that they don't start from America 2008. I mean, if you go back and review our democracy, half of the people in this room couldn't vote in America 90 years ago. We added a Constitutional amendment to allow women to vote. When we wrote, signed the Declaration of Independence and the Constitution, unless you were a landholder and owned slaves and other assets, you didn't have a lot of rights in America. Not until the mid-'60s did we see things change in a way -- for example, for an African-American to even hope, the possibility, of being a credible candidate for President of the United States.

So it has taken our country some time to work through a lot of injustices, inequities, inequalities - - and we're still not where we need to be. And I say

that in reference to your question because Russia is working its way through that.

This is in no way to defend any of the abuses of government, perceived or unperceived, as to human rights and privileges and what democracies should bring to their citizens. I'm not an apologist for any of that. But I am saying that we've got to understand the realities of where these countries come from. Russia, for example -- you know very well -- their whole history has been about someone dictating what they're going to plant, what they're going to wear, who goes to school, who doesn't -- whether it was the czars or, even before that, there were those who dictated, the Communist Party.

And so we have now seen, as a result of the implosion of the Soviet Union starting in 1989 with the Berlin Wall coming down, all these captive nations of Eastern Europe, Russia, the nations of Central Asia -- many have never had any base or knowledge of or history of self-rule, or democratic norms, or democracies.

So we've got to work with them. That means try to influence them on the inside. It goes back to some of the comments I made in my speech. I think

we're far better off to try to influence behaviors on the inside, use all the instruments we have.

And I don't know if publicly trying to humiliate and demonize and bludgeon and embarrass countries is the smartest way to do that. I don't think we have a good history in the world of people responding to that kind of thing. Certainly we wouldn't. We wouldn't.

So -- a lot of work to do in Russia? Yes. But I would add one other thing.

I do think -- and I mentioned this in my comments in a general way -- that we are at a moment in this relationship, Russia-U.S., where we can really put something back on track. We're going to have differences. Of course we are. We have differences with our closest allies. But we can, I think, make some remarkable progress over the next four years. And one of the good signs I saw -- see, believe -- is the former Russian Ambassador to the United States, who has just left the United States to go back and take on a new role in advising Prime Minister Putin. And I think -- and I don't mean to read into this maybe more than is there -- I think that's a positive sign.

Why do I think that's a positive sign?  
Because the Russians are bringing back and putting next to Putin -- and I believe that this also will include the current new young President -- an individual who knows America fairly well. Ushakov, Ambassador Ushakov, was here for, I think, for about nine-and-a-half years. Strobe knows all about this.

I see that as a positive sign. Why? I think that gives us an opportunity for our optics to be seen through Russian optics through a guy like Ushakov.

Now, nations are going to respond in their own self-interest. We do. There's nothing wrong with that. That's predictable. That's good. Where we run into problems is when the world gets unpredictable, and when you don't know how nations are going to respond. That's a problem.

So, I think we just keep working where we found the foundations of common interest, we build those platforms. And those platforms of common interest allow us to work through differences.

SPEAKER: Thank you, Senator. I've just been through (inaudible).

But what would you think of an internationally-sponsored Marshall Plan for the Middle East as a way to (inaudible).

SENATOR HAGEL: Well, if those of you didn't hear all of what (inaudible) said who is, as you know, a highly respected, regarded, public servant of our country in many ways, ask about what would I think about a Marshall Plan-type program for the Middle East -- and I think that's, again, Mack, a part of what I was getting at in my comments, that the larger framework of policies, economic development, and the assistance programs, and public-private partnerships and, obviously, security is a huge part of that. I mean, we're not going to disconnect that.

But I don't think we've done a particularly good job of utilizing all of our instruments of power. And I have never believed -- and I've said so, and it doesn't mean I'm write -- but this idea of somehow there's a "win" or "loss," in a column, it's like body counts in Vietnam. So we have all these body counts. So -- yeah, but we ended up leaving. We didn't focus on what always is the most important -- and I mentioned this in my remarks -- the human condition. People will

go where they believe their lives are best served for their future and their children. And they will always move in that direction. Human condition dictates everything.

Now, we might see a situation where the communists were able to keep people chained down for 75 years, but eventually something happened. That's the history of man.

And I think your point is an important one, because that Marshall Plan kind of concept -- now, it's more complicated in the Middle East, as we know, because at the end of World War II we had countries who wanted to build back. I mean, I never really understood nor accepted any kind of parallel between what's going on in the Middle East today, what we're doing in Iraq and Afghanistan, with Japan and Germany after World War II -- for a lot of reasons. And putting troops in South Korea and keeping them in Iraq would be similar. It may someday be the case, but we're still at war in Iraq. We lost 10 Americans in the last three days. And that's not exactly like being up with the Second Division on the border, just kind of monitoring.

So we're going to have to go deeper into the general point, I think, of your observation and your question, if we are really going to see sustained stability, security and prosperity. And, again, it seems to me, as I said in my comments, that's the context in which we should see our involvement in that region. It's not a win or loss in Iraq or Afghanistan.

Way in the back. Yes, right there.

SPEAKER: Thank you, Senator Hagel. My name is Anna Short with Radio (inaudible) de Venezuela.

I would like to know if you have some clear views on how to deal with Latin America? How to improve the relationship with Latin America, with countries like Venezuela, for example.

Thank you.

SENATOR HAGEL: I know I trespassed on all of your good graces this morning, in presenting a speech longer than I should have. I'm well aware of that. But brevity has never been a high point for Senators, and even though I know it's a great virtue. And, my God, I try. And I strive for that.

But the reason I tell you that is because at the last moment I took out a section of my speech about

Latin America. And I shouldn't have said that, but I did, and I'm going to be honest about it. And my staff will say to me when I get back, "Senator, that was very stupid. Why did you admit that you did that?" But I did. And I wrote three pages on the importance of our neighbors in the Western Hemisphere, and how we have neglected that relationship.

I think the next President and his Administration, he's going to have to spend some time in patching those relationships back together. And we just haven't spent much time doing that. Obviously, the center of gravity has been the Middle East and Central Asia since 2001.

But most Presidential administrations, most presidents, most administrations over the years, have kind of let those relationships drift because they're not an immediate problem in most cases. But when you really analyze it, immigration issues -- which I noted in here -- economic issues, and so on, these are really critical to our future. And you should always pay attention to your neighbors. And we've just not done a very good job with that.



I'm going down into Latin America in August, spend some time there in about five countries. But we need to do a better job, and the next President will have to do that.

Yes?

MR. EICHLER: I'm Bill Eichler.

Senator Hagel, what is the current status of Iranian interference or intervention in Iraq, especially among the Shia. Have they backed down at all? Or is it status quo?

And, secondly, why would we want to open a consul, an interest section, in Tehran when they so badly treated our people before?

SENATOR HAGEL: Okay. Let me take the first part of the question, and then we'll work into the last part.

I have believed -- and I have said -- that I believe that Iran has more influence in Iraq than any country. And the reason I say that is not just because it's some judgment that I have kind of pulled out of thin air, but is based on some facts, intelligence and a lot of other things.

But also, primarily, when you look at the tribal, religious, cultural, historical dynamics there -- not just the neighborhood -- but the ties have always been rather significant. They fought an eight-year war against each other, Shia, Sunni. But the fact is, as you all know, that the predominant religious group in Iraq is Shia as, of course, Iran. And that links -- those two people, is different. I recognize that a Shia Arab versus a Persian Arab [sic], and I recognize the differences -- not as well as many of the professionals here do, but I don't make a general statement that that's the only reason that I put forward my analysis.

And second, when you look at the current government in Iraq, the Maliki government, Maliki himself, most of his government were exiled in Iran during most of Saddam's reign in Iraq. If you want to examine a current relationship that is manifested to some extent by the fact that Maliki was just in Tehran for three days about 10 days ago, Ahmadinejad was in Baghdad about two months ago. The President of Iraq and the Foreign Minister of Iraq who, as you know, are both Kurds, they're in and out of Tehran all the time.

There is a very significant relationship -- as well as the militias.

And so I think that's a reality. We're not going to unwind that. And that means Iran is going to continue to have influence.

Now, that influence is not, in my opinion -- and I think the opinion of most in this government -- not particularly helpful to the United States. But it's a reality. You're not going to push that back and act like it's not there.

Now, as to your question about an interest section, obviously we can't just fly over Tehran and drop an interest section. I get that. But the conversations I've had with the Iranian Ambassador to the United Nations, both -- actually, the last three, including the current one -- other indications I have, I think that that is an area that we could explore. I don't know why that would not be in our interest to do that.

And that doesn't mean you negotiate. That doesn't mean diplomatic recognition. But it's a beginning. It's a way to start moving toward influencing what's going on over there.

The fact is, too, when you -- the reason I've always believed comprehensive talks with Iran are important, not just focused on the nuclear, the nuclear's important, of course, but Iran's support of Hezbollah, Iran's support of Hamas, what you just brought up about Iraq, I mean there are many, many dimensions here of what Iran's doing, not doing, accused of doing. But we know a lot about what they are doing, and it is not particularly helpful to us.

So -- we've got two choices, it seems to me. Status quo is not a choice, by the way, in my opinion. Because every day you get up in the morning, something's going to -- if you've got a problem, it's not going to get better on its own. Maybe it will. I don't know. I've never found many things in life that when you get up in the morning, everything's the same. The flower outside's the same, the grass is the same length, and so on and so on. Maybe you live in a different world.

The being: it changes. It's dynamic. The world, all living things are dynamic. Relationships are dynamic. Things either get better or they get worse. And I have yet to have anybody show me in any

measurable way how things have gotten better in the Middle East the last eight years -- measured in Israeli, Palestinian Territories, Syria, Iran, Iraq, Lebanon. They've gotten worse, far more dangerous, far more dangerous.

So it seems to me, then, we've got a couple options. Either you try to work through some enlightened engagement in some way with the regional players, or -- as I said in my speech -- you just lock yourself in a cul-de-sac and then what's the option? Well -- military is going to be the option.

Now you've always got that option. I mean, a great power always has military power. But I don't think you should lead with that. I think those of us who believe that most wars don't settle things -- World War II, obviously, was different. But not the world we're living in today, the kind of realities, the ideologies, the ideas, the dynamics, the terrorism -- all the complicated factors that are now thread into the world, you're not going to solve those with marines and paratroopers.

MR. TALBOTT: Senator, I just had a reminder of what a good staff you do have. And, by the way, I

know your staff. They're not stupid, and they're certainly not stupid enough to tell you you're stupid.

But I'm awfully glad that the lady from Venezuela did as the question she did. First of all, it gave you a chance to make a very eloquent statement about the importance of the U.S. paying more attention to Latin America, which Carlos and other colleagues here are certainly doing on behalf of Brookings.

Moreover, if I can stay in the good graces of your staff I might even get them to leak me -- as apparently somebody did to Bob Novak -- your speech as prepared for delivery and we'll put the whole thing up on our website so that everybody can see what you had to say and whatever parts you cut out.

But the speech that you did give set a very, very high standard, both in tone and content, for the many months of debate -- and I'd like to think of it as national brainstorming on the challenges that we face. It's not the first time you've done that, by a long shot, and it's certainly not the last. And I hope you'll come back here and do it again.

I think one reason that we all owe it to the Senator and to ourselves to get him back to work on the

other side of time is not just so he can make sure the GI Bill stays on track, but also so that he can be persuasive with his colleagues in the Senate on some of the issues that he raised with us today.

So before I ask you to join me in thanking him I would also ask that you let the Senator and me and the staff exit up the center so we can -- we can't control the traffic back up to the Hill, but we can at least get you out of the building.

But please join me in thanking Senator Hagel for being here with us today.

(Applause)

SENATOR HAGEL: Thank you. I appreciate it.  
Thank you. Thank you very much.

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

/s/Carleton J. Anderson, III

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