

THE BROOKINGS INSTITUTION

OPPORTUNITY 2008:
INDEPENDENT IDEAS FOR OUR NEXT PRESIDENT

PANEL I

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INTRODUCTION:

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PANEL ONE: WHY ISSUES MATTER

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P R O C E E D I N G S

MR. TALBOTT: Good morning, everybody, if I could have your attention, please.

I am Strobe Talbott. It is my pleasure to welcome all of you here to the Brookings Institution this morning for the launch of our Opportunity 08 project.

All Presidential campaigns are, by definition, important. They are a chance for the nation to confront big issues. They are the closest we come in our country to having kind of a strategic planning exercise for the nation as a whole with the entire citizenry involved. But all of us who have been involved in this project, and I will be saying a word or two in a moment about who that is, feel that the 2008 Presidential Election Campaign is uniquely important and offers a very special opportunity.

Among other things, there is the quantity and also the dauntingness of the challenges that the nation faces. Those challenges, of course, include the fiscal situation, including the multiple deficits that we are coping with, the whole issue of health policy and how to ensure the financing and delivery of decent health care to all Americans or, to put the proposition in the negative, how to avoid a train wreck in our health care system. There is the issue of how the United States of America is going to compete successfully in a globalized economy, and there is both the challenge and the opportunity represented by the rise of newly emerging powers in the world particularly, of course, countries like China and India and Brazil. Last but by no means least, there is the extraordinarily difficult situation

that we face in Iraq which is not only very tough in its own right but also poses real risks for the stability such as it is in the neighborhood, the greater Middle East, and as a result of that very difficult situation, there has been a lot of collateral damage to America's reputation in the world and therefore America's ability to lead in the next phase of the evolution of the international system.

The 2008 Presidential Election is a rarity in another respect. This is going to be the first time in 80 years, since 1928, when there is no incumbent President or Vice President running in the primaries in either party, and it is the first time in 56 years since 1952 when there is not an incumbent President or Vice President on the ticket on either side. Now, that is not just, I would suggest, a bit of exotica or trivia. That actually could have some substantive meaning, and I think it is positive substantive meaning. As a result of that rare and indeed long-time unique feature of this election, there is reason to think that Campaign 2008 will be something of a clean slate in the sense that there will be more openness than usual to new ideas, and that comes at a time when we especially need new ideas. I think there is reason to be hopeful that this time around, there will be a richer, more substantive, less predictable and more forward leaning and forward looking debate and discussion within the parties, between the parties and involving the citizenry as a whole.

So, all in all, that is why the 2008 election creates a real and rare opportunity for the nation, and therefore for the Brookings Institution as well, hence, the name that we have given to this project, Opportunity 2008. I want to

give you a very quick summary of what it is.

It involves, among other things, what is our stock and trade here at Brookings and that is ideas, ideas based on facts, on rigorous analysis, on open-minded discussion. We have, in the course of the last couple of months, commissioned a number of papers from some of our top scholars here at Brookings as well as outside experts from around the Country to address what we see as the top 25 or so issues that are going to be facing the nation. You have in the material that I hope you have all had a chance to pick up, a chance to look at those topics, and you will see that it is a fairly broad list, and I think it is quite significant that that list subsumes basically all of the principal topics that President Bush himself has identified as the priority issues that the nation should be looking at and also that the Democratic leadership of the Congress has identified as national priorities.

The authors of these papers represent a diversity of backgrounds and a diversity of view points. The papers are going to rigorously argue and forcefully present advocacy positions based on sound analysis for the solutions that we should be considering as a nation for the big problems we face. In other words, we are not looking for the lowest common denominator. We are not looking for the moderate mean. We are looking for bold but at the same time, pragmatic answers to the big questions.

Opportunity 2008 is also going to organize briefings for the candidates themselves and for their staffs. In order to open up the discussion to the nation as

a whole, we are going to have a series of events here at Brookings as well as in a number of the battleground and key primary states around the Country. Those include traditional ones like Iowa and New Hampshire as well as what I would call newly important states in this process like South Carolina and Nevada.

Now, helping us with this effort, and their help has been indispensable indeed, are the members of our Advisory Council. There are a number of members here today, and we thank them very much for the work that they have put in so far and the help that they are going to be giving us throughout.

The Advisory Council is led by two of Washington's savviest and best connected figures, both of whom happen to be trustees of this institution. Ken Duberstein was, as you all know, Ronald Reagan's Chief of Staff. He is quite simply one of the most respected figures in American politics. Tom Donilon was Warren Christopher's Chief of Staff at the State Department, and I had the honor to serve with him as a colleague in the 1990s. He has worked for every Democratic Presidential candidate since Walter Mondale, including in preparing those candidates for their debates.

Within Brookings itself, this whole team effort has been led by Mike O'Hanlon, our Senior Fellow, well known to many of you here and Melissa Skolfield, our Vice President for Communications.

Now, communications covers a multitude of activities and functions here at Brookings, but with respect to this project, communications means reaching the widest possible audience and also reaching key audiences in order to try to have

some impact on not only the substance of the debate that is going to take place in this Country between now and election day but also ensuring the highest degree of what we call civility of discourse in that debate. The web is going to be absolutely key as a means of creating a forum for discussions through a whole variety of mechanisms such as web chats and video downloads.

Speaking of communications and outreach and impact, we are very proud to have forged a partnership with ABC News since that will allow us at Brookings to take advantage of ABC's wide reach and its deep bench of political analysts. We appreciate having a number of our ABC colleagues here today, George Stephanopoulos, of course, and also Torie Clarke.

This morning's program is going to consist of the following: First, George is going to join Ken Duberstein and Tom Donilon in getting us started with a discussion. Then we are going to have two panels, one on domestic policy and one on foreign policy.

So, with that, I will turn the program over to you, George. Good luck in moderating these two.

MR. STEPHANOPOULOS: Thank you very much. Thank you, Strobe. I should say that ABC is also honored to be partnered with Brookings here in this project because we are going to need your brains over the course of what is certainly setting up to be the most intense for the longest period of time Presidential campaign that I have ever been a part of.

Let me just pick up on what Strobe was saying at the beginning about how

this is a strategic planning process with the entire citizenry involved. We just did a battery of research at ABC which was stunning to me in many respects, but the most stunning number that came out of it, and it was just last night, showed that 65 percent of the Country is following this Presidential campaign very closely right now. You can't get 65 percent of the Country to do anything on any issue. This is a number that usually you would think people might admit to this by around the conventions. That they are saying it a good 20 months before the campaign, I think says something about the stakes of this election and says something about how engaged the citizenry is already with this campaign.

As I bring Tom and Ken in here, let me just throw out some other findings from this as a way to set the table for the discussion. First of all, we are going to be dealing with a lot of issues in this campaign, but there is no avoiding the fact that this is going to be dominated and defined still by Iraq. The numbers there have been consistent now for a couple of years, but they are really hardening. You have now got majorities of the Country who obviously don't support the effort right now. You have got the highest numbers ever saying it was wrong to go in, in the first place. You have got a majority of the Country behind the idea of setting a deadline and a timeline for withdrawal, and to me this was the most telling number. You have got now 56 percent of the Country saying they want to begin pulling out of Iraq even if the result is certain civil war and disorder. So the Country is starting to close the books on Iraq just as some of the most difficult policy choices are confronting both the White House and these candidates.

Secondly, on the campaign, Iraq is clearly the number one issue, but on the Republican side, a result that has been very surprising to me, Rudy Giuliani has just started to open up the race. He is now 23 points ahead of John McCain. All the other candidates aren't even really registered. Newt Gingrich is third on the Republican side. He is not even in the race. Mitt Romney has dropped five points since he got in, and no one else registers.

On the Democratic side, Hillary Clinton is a fairly strong front runner though Barack Obama has cut into her lead in the last month. If you saw the *Washington Post* this morning, that is almost entirely a function of the fact that African American voters discovered that Barack Obama was black. Hillary Clinton's lead went from 60 to 20 to she is now behind among African American voters. Again, the third candidate is Al Gore who is not in the race, and John Edwards staying pretty steady at around 12 percent. The other candidates not really registering, and Bill Richardson gets about 3 percent.

So you have got similar structures on either side right now but a campaign which is going to be long, going to be intense. We saw last week, at least on the Democratic side, that the actual engagement has come much earlier than you would expect in a Presidential campaign. I think the big question for both sides is going to be if the Country is going to be this engaged with the campaigns for this long, how are the candidates going to keep a hold on the Country's hearts and minds for that long without the Country getting sick of them? I think that is a real challenge, and part of the way they are going to combat that is with the quality of

their ideas.

With that, let me turn to Ken first and try to give a sense from the Republican perspective of how you see the landscape going into this campaign. I would ask you to address how you explain the rise of Rudy Giuliani despite the fact that he seems to be at odds with most of the Republican base and how you deal especially with the problem of President Bush, now two years left. He has conducted his entire second term under 50 percent, faces the prospects maybe of staying under 40 for his entire second term. How does that cast a shadow over the race on the Republican side?

MR. DUBERSTEIN: Thank you, George, and thank you all for joining us today in this kickoff. What a tribute to Brookings that we can get everybody together just at the launch of Opportunity 08. To Strobe and to Mike O'Hanlon, what a great opportunity it is, not only to educate those of us inside the Beltway but more importantly engage the candidates and the American people in really a contest of ideas.

As George began framing the question, I kept thinking about when I was in the White House with two years to go and all of the pundits were talking about President Dukakis. It was two years to go.

And just a few months ago, everybody had the working assumption that it would be President McCain, and now Rudy Giuliani is a front runner, not John McCain.

And just a few months ago, everybody thought that Hillary Clinton could

get the Democratic nomination but was she electable? Now, people are saying she is electable if she could get the nomination.

A few months ago, just probably the people in this room and a little bit more had even heard the name Barack Obama, and now we are finding out whether or not he is so good that it is true he was born in a manger.

So this dynamic of American politics, especially in a Presidential campaign, George gave us a snapshot from the last few days, but things are moving so quickly. With 20 months to go, who knows? John McCain hasn't formally announced yet. A lot of Rudy Giuliani is name I.D. But let me put it in a bigger context.

As the campaign in 1988 really got going just as it is now but earlier, the Democrats were arguing after eight years of Reagan it was time for a change. I remember sitting in the Oval Office and looking at some of the Democratic campaign rhetoric and Reagan saying: Wait a minute, what this campaign is all about is who is the change and what is the change, not from me but because the American people always like change.

So how do you define the future? How is the future going to be handled by this candidate or this candidate? If you can define it based on issues and ideas, then in fact the American people will engage. George Herbert Walker Bush, his Vice President, arguably in a more difficult position as the incumbent Vice President, had to make the argument why he was the change agent.

What, I think, whether it is Rudy Giuliani or John McCain or Mitt Romney

or Torie's candidate -- no, I am just teasing -- Newt Gingrich, has is the task of defining change. That is why in fact I think all of these issues that are being laid out at Brookings and with the papers are in fact fundamental. It is the major issue, Iraq, right now, but if you are going to sustain interest over the next 20 months, it has got to be filled out with a lot of other positions, whether it is the environment, whether it is competitiveness and education, whether it is trade, whether it is jobs and the economy, whether it is unemployment. You have to have each of these candidates really demonstrating how are they going to make things different and better in the future rather than just simply a change from the incumbent administration.

That is my way of teeing things up for a few minutes.

MR. DONILON: I also was quite surprised by a number of things in the polls, starting with the really early intensity of the race. You see movements in this race now in the last 60 days that are more typical of what you see in the last quarter of the year before the Presidential election where people are really engaged and making decisions and deciding where they want to be, and we have seen that really in the last 30 or 60 days in quite dramatic fashions in both sides of the race, mainly in the Republican side, number one.

Number two, I agree with Ken that there is a tremendous change dynamic in this race right now. You saw it in the 2006 election. You have very high numbers with respect to whether the Country believes that it is on the wrong track or the right direction, the classic measure of whether or not the voters are ready

for change. You have got a very high level of disagreement, disapproval of the President's policy in Iraq, as George said, the most important issue in people's minds. You have got fairly discomfort generally, I think, with the job the President has been doing. I think in some respects also there is almost an exhaustion with the six years of the Bush Presidency, and it has a lot to do with facts in the world, the war, a continuing intensity since 9/11 --

MR. STEPHANOPOULOS: Well, the election itself.

MR. DUBERSTEIN: Right, right.

MR. DONILON: -- and a fairly aggressive and, in respects, radical agenda that President Bush perceived. There is really an exhaustion around this and a really serious change dynamic.

Now, the change dynamic, I think, was really -- and I will talk to the Democrats in a second -- most clear, I think, on the Republican side with really a McCain collapse and a Giuliani rise. What is that about, right? Ken said it might be about name recognition for Mayor Giuliani, and that is certainly true, and he has a very favorable image generally in the Country. But McCain is also pretty well known in the United States, having run for President and given the level of visibility he has. I think the problem is that in a change dynamic, McCain is the unchanged candidate, right, the no-change candidate. A full embrace of President Bush, a full embrace of the surge strategy even though I suspect that he and his team have some issues with the strategy's substance, and just feels like in a change environment, he is not going to be the change, and he has been doggedly

saying there won't be any change with respect to the most important issue about which people want change, which is an Iraq. I think that has put him in a very difficult position in the Republican primary.

On the Democratic side, there was also in your poll, George, I think an indication of a very high level of satisfaction about the candidates, the field.

In the mid-eighties, I think, 1985 --

MR. STEPHANOPOULOS: Let me correct you. It was only 8 percent weren't satisfied.

MR. DONILON: Right, so a very high level of satisfaction on the Democratic side with respect to the field, and the Hotline poll which came out early this week also showed a very high level of enthusiasm, more enthusiasm on the Democratic side than the Republican side. I think that is indicative of a change dynamic as well.

The Democratic field is quite strong and indeed I think even if you got below the three candidates who are occupying most of the space -- Senator Clinton, Senator Obama and former Senator Edwards -- you see a series of candidates there who, in most years, would be very serious candidates for President of the United States going forward.

A strong democratic field; big change dynamic; McCain, I think out of position in that dynamic; and a group of Democrats, any of whom could run a pretty strong race, and I think they fit the change dynamic. The top three would be change candidates.

MR. STEPHANOPOULOS: No question about it.

Let's talk about the issues a little bit and let's begin with Iraq. What I have been trying to figure out, and you led me to it a little bit, Ken, is actually how front and center will Iraq be by the time the voters are actually voting or will we be in a situation where the situation on the ground has changed so much one way or the other that it actually won't be a defining factor that differentiates the candidates. I see it more on the Democratic side.

MR. DUBERSTEIN: Right.

MR. STEPHANOPOULOS: So let me start with Tom. It sure feels to me like setting aside who voted for what, when, the Democratic candidates, it seems like within the next three to six months are going to be in almost exactly the same place on what to do next.

MR. DONILON: Well, there will obviously be differences around tactics, but I think the Democratic field, once you get below the general rhetoric about these things are really in the same place generally at this point. Essentially, the Iraq Study Group, I think really reflected where the Country was quite accurately which is that, as your poll showed yesterday, a very strong sense in the Country that we need to finish our work in Iraq and move on and that we need to start figuring out ways to do that, and I think generally you will see Democrats arguing about whether we should be out in 6 months or 12 months or 18 months but really all towards an early 2008 redeployment from Iraq.

I think it will remain an important issue into 2008 because substantively

things don't turn on a dime, right. We are implementing a new strategy in Iraq right now, a security strategy in Iraq, which will take us through the end of this year. The success or failure of that strategy will be a very big issue throughout the year 2007 and into 2008.

MR. STEPHANOPOULOS: Meanwhile, Ken?

MR. DUBERSTEIN: And it will be a very big issue.

MR. DONILON: I also think that, and we were talking about this before, Admiral McConnell's testimony in front of the Armed Services Committee yesterday which was his first worldwide threat assessment, and the spotlight that he put on the reconstitution of the Al-Qaeda leadership in Pakistan and the threat that it represents to the United States, in his direct answer to Senator Jack Reed yesterday that an attack on the United States would most likely be planned and come from this group, I think is also going to be a big issue around an important issue about how we are fighting the war on terror on generally which I think will emerge in the campaign.

MR. STEPHANOPOULOS: And which decisions were made before.

MR. DONILON: Exactly.

MR. STEPHANOPOULOS: But Ken, on the Republican side right now, the top three candidates in the race -- McCain, Giuliani, Romney -- all supporting the surge, yet it seems to me at least that Giuliani and Romney have more tentative support. They are not sure it is going to work out. They are leaving the door open to changing their position later on, and it feels like what you may see

on the Republican side is more divergence as the year goes on and maybe one of the candidates breaking away from support of what is going on now.

MR. DUBERSTEIN: My sense, George, is you are reading more nuance than is deserved. I think all three leading candidates are, in fact, locked into supporting what is going on right now vis-à-vis the surge. I think the argument will be about competence and how this Administration fundamentally has conducted the war and what is the aftermath of the war. I think, at least from McCain's standpoint, he will talk about how the war was waged and how what has happened since the invasion has fundamentally been mishandled. You have seen it in his comments about Rumsfeld. You have seen it in his comments about Cheney. And so, I think you are going to hear McCain continuing to go down that path.

I think Rudy is very much locked in to the President's policy, i.e., the surge, and giving this opportunity a chance.

I think Romney has no choice, especially with 4 percent in the Republican primary according to your polling data.

MR. STEPHANOPOULOS: Why can't a Republican candidate break away and become the anti-war candidate?

MR. DUBERSTEIN: Because in the Republican Party and in the Republican primary voters, a huge preponderance will support the President in a strong robust foreign policy when it comes to Iraq. To go the other way, I think flies in the face of, in fact, having any viable way of getting the nomination.

I think it is important to note that Iraq will also dominate the Republican Party primaries, and it will be the central issue. What next? What does this mean to the Middle East? What does this mean to the region? What about the so-called domino effect that didn't take place in Vietnam but might take place in the Iraq region? What happens to Iraq itself? I think you are going to see that debated among all the candidates.

MR. STEPHANOPOULOS: Picking up what Tom said about Afghanistan and the resurgence of Al-Qaeda, do you see it being a viable political strategy-- and I take it your answer would be no -- for a Republican to say, wait a second, what is going on in Afghanistan right now is far more important, far more of a threat to the United States and that is where we should be putting our focus right now?

MR. DUBERSTEIN: I think they will say both places have to be focused on. What is happening in Afghanistan and Pakistan is not a surprise, at least it isn't to me, and I think we have some real concerns that Afghanistan, in fact, may be more vital than Iraq, but we have to focus on both of them, and the Republican Presidential candidates will start making these a twin towers argument.

MR. DONILON: Can I address that just for a second on a substantive level and a political level? On the political level, it would seem to me that the events the last couple of years and what the debate that we might have over how we fought the war on terror and where the impetus should be next could be a game changer for the parties, and I haven't seen a lot of work done on this. Tom Mann

is here and certainly knows more about this than I do. The really dominant advantage that Republicans have had over Democrats since 1972 has been in the national security area. Indeed, the elections in 2002 and 2004 were really national security elections, post-9/11, and there really is a chance here for the Democrats to have a game changing event here with respect to which party is best able to protect American security which would be a big change.

MR. STEPHANOPOULOS: But isn't the complicating factor there the whole debate over whether or not and how to end the mission in Iraq and whether if you are cutting off funding, does that bring you back to the Vietnam syndrome.

MR. DONILON: I was going to get to the substance on that. The substance on that, I think, and this is important. I said it could be, right. There are ways. The substance is, I think, that a redeployment out of Iraq is the beginning of and enables a new strategy, a different strategy which would have us put a lot more emphasis in Afghanistan and Pakistan and doing other things to fight the war on terror. I think if the presentation is just that we are going to finish in Iraq and we don't care what happens in Iraq and then the world is going to be safe, that is not an effective presentation.

Substantively, I also think we here at Brookings can do a lot of work on this, how to contain what happens in Iraq after the United States ultimately draws down and redeploys, what the right strategies are for fighting terror generally but also specifically facing the challenges in Afghanistan and Pakistan which obviously are critical countries in our national security analysis. But I agree.

There are ways. There is a path here, I think, though, for Democrats to demonstrate, really given the events the last four or five years, an advantage in national security which would be a very big shift and a shift that we haven't seen in many years.

MR. DUBERSTEIN: But I think the key word of your whole argument, Tom, is "could."

MR. DONILON: Right.

MR. DUBERSTEIN: I think the difficulty of the Democratic Party uniting behind one plan and one action is very difficult as we keep seeing in the Congress.

MR. STEPHANOPOULOS: In a dynamic, and I saw this in Nevada last week in a forum, and we know this, where the most engaged voters in the Democratic primaries are clamoring for basically cut, stop, let's get out, let's not even talk about these other foreign policy issues.

MR. DUBERSTEIN: That is where the fringe starts driving where the consensus is in the Democratic Party, and therefore it may weaken the argument on national security strength of the Democrats.

MR. DONILON: At the end of the day, of course, these definitions that we have seen historically have been driven by Presidential candidates, and a lot will depend on where the ultimate nominee of the party places himself or herself on this spectrum. There is an opportunity here, though, I think, given the events the last four or five years and given the challenges we face to put forth an alternative

strategy, to have Iraq not just be a finish but a turning point to a more effective strategy in dealing with the real threats to the United States from terrorism.

MR. STEPHANOPOULOS: Looking the race, it looks like beyond Iraq, beyond national security, every candidate on both sides is going to have to come up with at least two comprehensive plans, two other comprehensive plans, a health care plan and a energy plan, energy security and independence, and then it gets into global warming and environmental issues as well.

On the Republican side, Ken, I understand the dynamic where Republican candidates feel they can't break from the President on Iraq. How do they differentiate? What do you think would be the wisest strategy for differentiation on these two other big issues?

MR. DUBERSTEIN: Well, I think on energy security, it is absolutely fundamental that whoever the candidate is talks an awful lot about alternative fuels, whether it is done by incentives or tax incentives, but I think that alternative fuels and the role of all the different fuels is absolutely fundamental. I can see a candidate saying that challenging every oil company to become an energy company during my Administration and what does that mean when you start then talking about global climate change, et cetera, et cetera, et cetera. I think that is the kind of policy that a Republican has to really propose.

MR. STEPHANOPOULOS: Senator McCain has been the most aggressive on global warming.

MR. DUBERSTEIN: Precisely, right.

MR. STEPHANOPOULOS: He has come out for the caps much like Governor Schwarzenegger but on a national level. Does that hurt him in the Republican primary?

MR. DUBERSTEIN: I don't think it hurts at all because I think global climate change is something that is not a partisan issue, and I think it is something that the Republican voter is sensing more and more every day.

MR. STEPHANOPOULOS: Meanwhile on the Democratic side, Tom, I think I have asked every candidate who has come on the show about whether they would support any kind of a carbon tax, and no one is touching it.

MR. DONILON: Do you want me to touch it?

MR. DUBERSTEIN: Here goes the third rail.

MR. DONILON: I think that candidates will have to present a health care. What is interesting, by the way, and I will get to energy in a second.

MR. DUBERSTEIN: What does carbon tax have to do with health care?

MR. DONILON: Well, I am trying to answer the whole question. On health care, it is interesting and on global warming actually also it is interesting that a lot of the innovation and energy around these issues is not taking place in the Executive Branch federally. It is taking place in the states. Indeed, I think you will see most of the candidates look to the state plans that have been put forth by Governor Schwarzenegger and Governor Romney and others around the Country as a source of ideas for scaling up to a national universal health care plan. We have already seen that with Senator Edwards' plan.

MR. DUBERSTEIN: You also have Schwarzenegger's plan which McCain is so wedded too.

MR. DONILON: Right, and you are seeing the same thing in the global warming area.

MR. STEPHANOPOULOS: But it does seem on the health care side as well -- I will bring it back to the taxes -- that at least on health care, Edwards is going to clearly say you have to raise taxes to pay for health care. Governor Richardson was trying to say you don't have to. Hillary seems to be trying to decide what she is going to do. Does Edwards have the smart strategy to turn this into, to make it a character issue and say there is no way to do this without raising taxes?

MR. DONILON: Well, each candidate has to make his or her own decision on the substance. I do think there is an argument to be made for targeted contributions from taxes to your top priority, and that is what Senator Edwards has said. His top priority is universal health care, and he will pay for it by sustaining a tax increase on the top tax grades in the Country.

MR. STEPHANOPOULOS: You think that is survivable?

MR. DONILON: I do think it is survivable.

MR. DUBERSTEIN: Somebody would argue, there they go again, tax increases.

MR. DONILON: Right.

MR. DUBERSTEIN: Here we go. That is part of the campaign.

MR. DONILON: That will be an interesting question, and the question presented is whether or not the old attack lines will work, given the fact that I think in the Country, you have seen it in the states. These plans in the states are going to cost money ultimately. These governors have made these determinations.

Given the fact that I think most voters really do believe that the most important domestic issue facing the Country is health care, they see it in increased health premiums every two weeks in their paychecks. They worry about being stuck in a job and not being able to move because of the fear over losing their health care. The question presented will be whether or not that kind of an embrace of a universal plan that makes sense can survive a tax attack, and we will see that discussion both in the primaries and in the general election.

MR. DUBERSTEIN: It is interesting in the Republican primaries, you have to make that commitment to the no new tax pledge. It is absolutely fundamental. The problem gets to how do you then govern. We did revenue enhancements rather than tax increases, but I am not sure that a carbon tax, for example, going back to energy, is something that will in fact get the support of the American people which will then drive the Congress, let alone whoever the new President is.

On the John Edwards on universal health care, his words about raising taxes, when I heard him say that, I immediately thought back to the debate with Mondale and that one snapshot. Let's hope that we have progressed in campaigns

so that it is not just one snapshot, but I am afraid it still is that snapshot. How do you talk around that issue? Well, in fact, the American people want universal health care but don't want to pay for it by a tax increase.

Really, it is something that I would love in one of our Brookings forums on 08 to have that kind of conversation with some of the candidates.

MR. STEPHANOPOULOS: In some way, and we know the next President, whoever comes in, in January, 2009 is going to face a world where the Bush tax cuts are expiring from 2009 to 2010 anyway. An argument for a targeted tax increase, basically what you would be saying is if you don't want to extend the tax cuts, it is going to be for a specific reason, and that might be easier.

MR. DUBERSTEIN: That may be in the governing part of the equation but certainly not in the definition during the campaign of what a tax increase would be.

MR. STEPHANOPOULOS: On the Republican side, it seems like the hot button issue still beyond the social issues of abortion and gay rights is going to be immigration. Put on your White House Chief of Staff in the final two years hat for a second and say, one, can President Bush push through some sort of reform in the final two years?

MR. DUBERSTEIN: Yes.

MR. STEPHANOPOULOS: Okay. Does that help his party or hurt it?

MR. DUBERSTEIN: Yes, it helps because it is the big tent Republican Party. It is not the narrow set the wall, the 800-mile wall. It is much more

inclusive. It sends a message to several minority groups that, in fact, the Republican Party is open for business and is open to welcoming immigrants of all kinds. I think this, in fact, is a defining issue for Bush, not like Iraq but as far as the future, and it happens to be immigration.

MR. STEPHANOPOULOS: What I have heard from the Democratic leaders, Tom, is the price they are going to demand is 20 Republican votes in the Senate and 75 in the House, and I think that is a tall order. As somebody who went through NAFTA, you probably know how hard it is to get that done.

MR. DONILON: I do know how hard it is to get that done. I do agree with Ken. It is something that can get done and probably will get done.

MR. STEPHANOPOULOS: Really? Okay.

MR. DUBERSTEIN: By the way, I think it can get 20 and 75, although I haven't heard those specific numbers.

MR. STEPHANOPOULOS: I am more skeptical, but we will see.

Let's turn to our audience for questions. He has a question here. Go ahead.

QUESTIONER: My name Mike Miyazawa.

One of the things the Florida recount in 2000 revealed is the divided nation, the red and blue Country, and while the election in 2002 and 2004 were about national security and maybe last year's elections were about Iraq, the underlying red and blue division continues. My question is: How will this division play out in next year's election, and will there be a uniter candidate from either party or may be from a third party?

MR. DONILON: I don't think there will be a third party candidate in 2008. The last impactful, well, there was a very impactful third party candidate in 2000 in Ralph Nader, and there was a high impact third party candidate in 1992 in Ross Perot. I don't know around what issue you would have a third party candidate, maybe the war.

MR. STEPHANOPOULOS: I can throw out two possibilities. If Rudy Giuliani gets the Republican nomination, I could imagine a strong pro-life Ralph Nader type on the Republican side taking 1 or 2 percent. Then the other factor is if the Country kind of sours on the two major parties after a year of intense campaigning, does Mike Bloomberg get in next April and put a billion dollars on the table?

MR. DONILON: Yes, but around what issue, though, would be the question. You have to have an organizing principle, and I don't see an organizing principle in 2008 except maybe the war. But I do think, as you said earlier, George, the Democrats will be united around the war, and its Presidential candidate will have a very clear perspective on the war coming into 2008.

On the issue of the Country being divided, we certainly have had kind of an excruciatingly exquisite division in the Country over the last couple of Presidential cycles, but those elections were quite close as well. States that were red states in the Presidential election in 2004 could very well be blue states in 2008.

MR. DUBERSTEIN: Or vice versa.

MR. DONILON: Or vice versa.

MR. STEPHANOPOULOS: Which state is the most likely to turn from blue to red?

MR. DUBERSTEIN: Hold on, let me come back a second. I agree that as much as we all like to fantasize about independent candidates, it is exceptionally difficult to get that done unless you accept the fact that the Republicans will not nominate Giuliani, McCain, Romney or even Newt and go to the right with a Brownback or a Huckabee, et cetera, and the Democratic Party will go to the left of Obama, Hillary, Edwards to somebody.

MR. STEPHANOPOULOS: Dennis Kucinich?

MR. DUBERSTEIN: There you go. So you leave open the broad middle. I think it is very difficult to get a viable independent candidate. I think Mike Bloomberg loves to fantasize about the possibility and maybe thinks of spending 500 million bucks to run. But, again, on what issue? I think that falls by the wayside.

I think it is plausible that a Republican Party nominee may look at putting a Democratic or a non-aligned individual on the ticket which in fact could shake up an awful lot. You didn't hear me say Joe Lieberman. I said you didn't hear me say that. But that, as far as reaching out that way, is the only plausible thing.

MR. STEPHANOPOULOS: I just don't see. I mean I know you didn't Giuliani. I don't know what that would get you in an election.

MR. DUBERSTEIN: All I am trying to do is play to the question as far as

where are the plausible possibilities, and that might be one.

MR. STEPHANOPOULOS: I think one other way to think about the divisions, just quickly, is regionally. One of the things we saw in the last midterm was the South is now as solid red, taking away Virginia, as you can get. The North is becoming more blue than ever. I think you are going to see both sides but especially Democrats focusing on those southwestern and Rocky Mountain states -- Arizona, Nevada, New Mexico, Colorado and Montana. Those are the real battlegrounds.

MR. DUBERSTEIN: Exactly.

MR. DONILON: Or in the main, governed by Democratic governors right now.

MR. DUBERSTEIN: And with their Congressional delegations universally Democratic.

MR. DONILON: I think you really could see a focus by Democrats on those states.

On the third party, if you think about the organizing principles around it, Iraq, I don't think will be. A Nader argument that there is no difference between the parties, I don't think that argument is going to sell in 2008, and you really don't have an issue like Perot had around economics.

MR. STEPHANOPOULOS: The only one you could have would be sort of, these guys are too partisan so we need a problem-solver, a very abstract argument.

Way in the back there, go ahead.

QUESTIONER: Thank you.

Since you have burst the bubble and told me we are not going to have a third party and that it is kind of hopeless right now, even though I do believe there are many more independent voters in this Country than ever before, there has been a lot of concern expressed about the early Presidential primaries and that they are too soon, where the people are running for President too soon, caucuses, what have you. What suggestions or what things can be done to slow it down, to start it later?

If it is all about the money game, why does my vote count? Does my vote count?

What would you all suggest to change the process that we now have in place for Presidential primaries and caucuses? Thank you.

MR. DONILON: It is a project that Brookings has been working on for a long time and will continue to work on for a long time. I will say three or four things about your comments, though.

One is that, as we talked about earlier, it is an exceedingly early start and the intensity of it is what is unusual, but more importantly, candidates now are under unbelievable scrutiny from the get-go. George interviewed President Carter the other day and played --

MR. STEPHANOPOULOS: What's My Line.

MR. DONILON: -- a What's My Line tape from 1973, and Carter was out

there running for President, right. He moved around Iowa during 1974 and 1975 and was able to do so. As he said, he would stay in people's homes and really develop his candidacy and his attitude towards the issues. You can't do that now.

In the YouTube Country, it is very difficult. Candidates are held to an incredibly high standard. Everything they do is in some digital form that can be beamed around the world. We were talking about this earlier. Hillary Clinton sings the National Anthem out of key in Cedar Rapids, Iowa, and it gets 800,000 downloads on YouTube. The level of scrutiny on these candidates right now is unbelievably tough and very difficult to experiment.

Governor Clinton, for example, during the year before the campaign in 1992 was out experimenting, talking to people, trying things out. That is not on right now because if you make a mistake, the price is very high.

With respect to the primary process, it is very front-loaded, and it is going to become more front-loaded. The question is whether or not that actually empowers more voters or less voters. The history would indicate that the more front-loaded the process is, the more empowered the early states are actually, not the opposite.

Now, you can play out and we could design a model here which would indicate that you wouldn't have anybody be the front runner coming out of Iowa and New Hampshire, and you could have all these early states up front, and 80 percent of the delegates gone by February 5th, and nobody has 50 percent and you could have kind of a brokered dynamic. I don't think that is likely to happen.

MR. STEPHANOPOULOS: It is just as possible. The Democratic Party tried to address some of your concerns by changing the calendar, moving up Nevada, moving up South Carolina. Especially with Governor Vilsack leaving the race -- this is on the Democratic side -- you could have the same thing that happened last time. John Kerry wins Iowa and wins the nomination.

MR. DONILON: Right, right.

MR. STEPHANOPOULOS: Who knows, but it is very possible.

MR. DUBERSTEIN: The fact is all these early primaries and caucuses are here to stay. What we are really going to, unfortunately I think, is a perpetual campaign.

MR. STEPHANOPOULOS: Although if there somehow is a split in those early small states, we are going to have the equivalent of a national primary on February 5th with California, Georgia, Illinois, New Jersey, a bunch of very big states all on the same day.

MR. DUBERSTEIN: But you would agree that we will know who the Presidential candidates are in all likelihood no later than the beginning of March.

MR. STEPHANOPOULOS: I think the second week of February.

MR. DUBERSTEIN: So the answer then is that, at this time next year, fully nine months before the election, we will know who the two major candidates will be.

MR. STEPHANOPOULOS: If you had to bet, sure.

MR. DONILON: I think that is likely.

MR. DUBERSTEIN: And I could go later into February or early March.

MR. DONILON: You had this dynamic, for example, in 1984 when Gary Hart challenged Walter Mondale. Gary Hart would have been the nominee.

MR. DUBERSTEIN: Right.

MR. DONILON: He would have been rocketed to the nomination after his early victory and surprise victory in the New Hampshire primary.

You could play out, and again it is kind of a parlor game at this point. You could play out a scenario where you had different people winning different early states. You come into this national primary, but you have strong candidates well financed, and nobody dominates that day. Then you have most of the delegates gone, and nobody gets 50 percent.

MR. STEPHANOPOULOS: It is possible.

MR. DUBERSTEIN: ABC News would love that.

MR. DONILON: ABC News would love that. George would get the coverage.

MR. DUBERSTEIN: George will make it every day.

MR. DONILON: A six-month brokered convention.

MR. DUBERSTEIN: Yes, absolutely.

MR. STEPHANOPOULOS: Dream on.

QUESTIONER: Nick Perry, Foreign Policy Forum.

There are a growing number of us that think the Democrats are making a huge mistake by trying to shape Iraq policy. First of all, it shows their

disorganization. Secondly, if they do come up with a policy, they can't implement it. Third, it can be co-opted by the President and therefore bring the Democrats on board with a war that probably will fail. Isn't this a mistake after all, with failed wars in the past?

I just said I will go to Korea which was a critique and focusing on a critique. Nixon, on Vietnam, said, I have a plan, without revealing it. Isn't [it](#) sufficient to be a critic? I mean they are the opposition. They are not the government.

MR. DUBERSTEIN: Tom, do you want to address that one or do you want me to? I am willing to take a shot at it, but go right ahead.

MR. DONILON: I would address it as someone who is a day in and day out critic, mainly, of the war. I think a couple of things. Number one, the Democratic Party and its candidates are defining themselves as essentially being for, as George said in his earlier comment, essentially being for redeployment out of Iraq, combat forces out of Iraq by the first quarter of 2008, and that is an overall thrust and position and perspective. Embedded in it is a critique of the President's policy and opposition to the President's policy, but as an overall thrust, I think it is a responsible thing to do, give your posture. I think that, frankly, voters, they will want to hear this. They want to know what your perspective is on this thing. So it is essentially a critique with an overall thrust to say we are going to redeploy out of Iraq by the end of 2008.

Now, you also have to put yourself in the position of the Presidential

candidates on the trail where you do get asked questions about and you should get asked questions about, all right, you are running for President of the United States.

MR. DUBERSTEIN: What are you going to do?

MR. DONILON: What are you going to do? What is your plan for Iraq? What is your plan for fighting the war on terror? You do have an obligation, I think, as a matter of just being an effective candidate. You do have an obligation and I think a necessity to be able to answer those questions.

The last thing I will say is additionally these people running in the primaries, the Democratic primaries in 2007 now, do hope to be elected President. I think it is important to lay at least the parameters of where you want to take things and prepare the Country for where you want to take it upon your election. The short answer is I don't think it is sufficient, both as an obligation as a candidate and as a political strategy, just to have a critique.

MR. DUBERSTEIN: I think what complicates Tom's argument is the fact that the United States Senate and the United States House controlled by Democrats are going to have to vote sometime this year. How to put together a winning coalition dominated by the Democrats and to see if they can 218 votes on anything on Iraq is something that I think will be increasingly difficult. Then the question is if, in fact, it passes, do you then have Democratic ownership of a policy? I think that is part of this change dynamic, and these changing dynamics, I think could alter the whole equation on Iraq vis-à-vis the American political

process as you head toward the January and February primaries.

MR. DONILON: The chances of the Bush-Cheney Administration embracing the Democratic approach on Iraq is a fairly low prospect.

MR. DONILON: Right, but for example, we saw the news today finally that there will be conversations with the Iranians and the Syrians, i.e., the Iraq Study Group, and so the Administration has shifted on that. I would argue maybe even co-opted a little bit on that issue. And so, you see things playing out that may change some of those dynamics and then to have the Democratic Congress, Jack Murtha among others, struggling to put together a winning vote count and the Senate not being able to get a vote for whatever reason. What, in fact, does the Democratic Congress do?

If they prevail, I am not talking about Bushing signing, but if they prevail on a vote, does that then give them ownership as well of the issue? I think there are an awful lot of moving parts to this.

MR. STEPHANOPOULOS: That is going to have to be the last word for this panel.

Thank you both very much.

My colleague, Torie Clarke, is here for the next one. Please stay in your seats. We are going to get started pretty quickly.

MR. DUBERSTEIN: Thank you all.

(Applause)

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