

THE BROOKINGS INSTITUTION

OPPORTUNITY 08:

WHAT THE PRESIDENTIAL CANDIDATES AREN'T TALKING ABOUT

Washington, D.C.

Tuesday, October 14, 2008

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P R O C E E D I N G S

MR. O'HANLON: Good morning everyone. Thank you for coming. I'm Mike O'Hanlon at Brookings, Director of the Opportunity 08 Project which is now winding down as we near election day. We're happy to have an event that was proposed in its concept by Bruce Katz, one of our vice presidents who runs the Metropolitan Studies Program. He thought we should have an event out of the various papers and studies done for the Opportunity 08 Project on what the candidates are not talking about but should be talking about. So today's panel, while I'm sure people have thoughts and views and have done research on some of the issues that are grabbing headlines, is intended not to focus on Iraq or Afghanistan or health care or tax policy or even the financial crisis, but instead to focus on some of the other very important issues that while we understand the candidates can't talk about everything we feel should not and must not be neglected.

So I will just briefly give you a lay of the land of what we're hoping to do and then Peter Berkowitz, Audrey Singer, and Richard Bush will each speak. They're going to talk about 10 minutes each and they're going to talk about issues that they study all the time and wrote about for the Opportunity 08 Project. And by the way, we have a book version of the projects that summarizes a lot of our research including chapters by

about a couple-dozen individuals in the project, and we also have additional material on our website.

Peter from the Hoover Institution will talk about higher-education policy, and obviously I'll leave it to each of the individuals up here to explain their argument and their scope. But just to give you a little bit of a sense of what we're trying to discuss here, this is not really issues like No Child Left Behind, it's obviously higher education, but it relates to a lot of core economic and demographic issues in the country and a lot of things about our future foreign policy and scientific policy, and Peter certainly has recommendations on issues like promoting the study of foreign languages, trying to address our shortfalls in those sorts of areas, and many other aspects of trying to strengthen the underlying economic and educational fundamentals for future scientific and economic progress in the country. Again we occasionally hear a throwaway line on the campaign trail about education policy usually in the form of making higher education more affordable, but not necessarily in a detailed way about how we really incentivize people to study the things we most believe need to be studied more than they are today. So that's one little snapshot of the kind of scope he will have in his presentation.

Audrey is an expert on immigration policy which of course we heard a great deal about a year-and-a-half or 2 years ago in this

country and seems to have been largely hushed up ever since. In fact, while there are perfectly reasonable and accurate criticisms of some of the campaign ads that John McCain has run, I think it's fair to say that Barack Obama's targeting of McCain on immigration has been quite tough and what we're hearing of the immigration issue in this campaign is largely attacking each other for the candidates' alleged unwillingness to be helpful toward Hispanic populations, immigrant populations, we're not really hearing a thoughtful discussion of how we regularize immigration in this country. So Audrey who has thought a great deal about this can talk about a number of issues that again were so prominent a year-and-a-half to 2 years ago but now have deteriorated into rival sound bites from the two camps about who's less concerned with the country's immigrant population.

Then finally Richard Bush studies a part of the world that by most accounts is the most dynamic, interesting, economically revolutionizing of all parts of the world, East Asia, and when historians look back on this era they'll probably think of the rise of China and perhaps some issues like the proliferation in North Korea as among the most weighty issues of the day, most historically significant, and yet because our foreign-policy focus has tended to be on the broader war on terror in the Central Command theater, we are understandably talking a lot more

about Iraq and Afghanistan. That's understandable at one level, it's not necessarily good at another level, so again we're trying to correct the record or the balance of issues and views a little bit here today.

There is no ideological element or theme to their presentations and you're of course welcome to raise other ideas and raise other viewpoints, ask them how they would view the two candidates' views on their subject matter, but the main goal we have today is first and foremost to get some substance on the table and try to return the issues of education, immigration, and the rise of Asia to a little bit of the prominence that they I think rightly deserve. So thank you for your patience listening to me try to sketch out the philosophy of the panel, and without further ado I'll now turn things over to Peter and we'll go down the line and then look forward to your comments and questions. Sir?

MR. BERKOWITZ: Thanks, Mike, and thanks for the chance to participate in the Opportunity 08 Project.

Briefly on higher education, its importance to the nation can hardly be exaggerated. Economic, responsible political participation, they all depend on higher education. So does social mobility, and higher incomes depend on higher education as well. Our universities are strong in many ways. No nation on earth can boast of universities that are more diverse than ours. Millions of American students compete for admission.

In fact, millions of students from all over the world compete for admission to our undergraduate programs and our graduate programs.

At the same time, our universities face challenges. Here are a few. For many students, tuition is unaffordable, there's a lack of accountability in higher education. A lot of our students are ill-prepared for college. We see declining enrollments at the university in math and science, and too few students acquire fluency in critical foreign languages.

So here are a few proposals to the next president. Whoever is the next president could well adopt these proposals. One, make college education more attainable for low-income students by simplifying the grants process and reducing inefficiency in the distribution of financial aid. Second, encourage universities that receive federal dollars to fashion responsible ways to measure student progress and track college costs. Three, increase federally funded fellowships in biology, chemistry, physics, and mathematics. And tie this to a requirement that these students after graduation teach high school for 1 to 4 years. Similarly, create a program, I'd like to see it as Mike alluded to as a signature program, a critical foreign languages fellowship program. This would support students who study critical foreign languages. It would oblige some of them to teach high school for 1 to 4 years, it would require others

to give back to the Department of State, Education, or Defense, 1 to 3 years of service for the fellowship.

I'm going to elaborate one of these proposals today but before I do I want to provide a little more context about the state of higher education in America. Since September 2006, the Bush administration issued a Test of Leadership: Charting the Future of U.S. Higher Education. This was a bipartisan report authored by a Special Commission on the Future of Higher Education. Commission membership included leaders from the business world and education. It was even endorsed by Senator Kennedy. The report reaffirmed that our universities are the envy of the world, but the report also identified several causes for concern. In response to these causes for concern, the proposal made the following recommendations related to the ones that I just sketched.

Here were the report's recommendations. I'll list them. One, increase financial aid for low-income student, but especially accomplish this by making financial aid programs simpler and more straightforward, and the government should engage in outreach to make information about financial aid more readily available for high school students and guidance counselors. We should renew efforts to improve the quality of high school education. Why? Because of the dependence in college on performance of basic skills learned in high school and earlier. We need to improve

transparency and accountability so parents know what they're paying for. As I've already mentioned, we need to undertake new initiatives to improve the quality of especially science and math education, expand opportunities for adult education, and enlarge federal investment in critical foreign language studies programs.

This report was meant to be a bipartisan report, but it was a Bush administration report as well, met with three fundamental criticisms. First, the 2006 report was faulted for not adequately dealing with the challenge of providing greater financial assistance to students. The program focused on simplifying matters rather than increasing funds. Second, critics were concerned about the creation of a national database that would track student performance from kindergarten through college. This was deemed too invasive and a threat to privacy. Third, the attempt to develop national testing was seen as a kind of one-size-fits-all approach that did not respect the diversity of goals in higher education.

These are legitimate criticisms. It's the task of the next administration to continue to hash these out, to wrestle with both the proposals and the criticisms made of them. In doing so the next administration I think should keep in mind a point that's made very nicely by the president of -- College -- it's a point about the vastness and variety of higher education in America which is the source of our strength but also

creates a challenge for the federal government. Here's what President Helms said, American higher education has more than 4,200 institutions including public, private, for-profit, technical, secular, and faith-based schools, with enrollments ranging from fewer than 10 students to more than 115,000 students. Four-year graduation range from less than 1 percent, to more than 97 percent. Costs range from a few hundred, to more than \$45,000 per year. Teaching styles range from the intimate student-faculty interaction of residential liberal arts colleges, to the on-demand, online programs of the University of Phoenix. Colleges and universities prepare future engineers, scientists, rabbis, farmers, journalists, bankers, accountants, doctors, nurses, artists, technicians, dancers, lawyers, and teachers. So it's easy to reduce this to a formula. It's easier said than done. The trick for federal policy is to appreciate this tremendous diversity of higher education's forms and goals while establishing priorities among the nation's needs and respecting the limits of the federal government's role in education.

Briefly in just a few minutes, what I suggest should be a signature program for the administration regardless of who is elected. I think an signature initiative to promote the study of critical foreign languages makes sense whether one has hawkish inclinations or dovish

inclinations, whether one is a Democratic or Republican, and so such a program has the opportunity to command bipartisan support.

It's 7 years after 9/11. According to all the data we've assembled, we still have very few speakers of Arabic, too few people who are equipped to provide our translation needs in our embassies, to provide translation needs for the State Department or the Defense Department. The nation's security needs I think it's fair to say depend on acquiring this knowledge of critical foreign languages. We understood this during the Cold War when we spent billions of dollars in acquiring expertise in the languages of the Soviet Union, Eastern Europe, and China. Meanwhile I say though, those who prefer to emphasize America's commercial and diplomatic engagement with the world also should see foreign-language study as a high priority of our colleges and universities. Why? For the obvious reasons. The study of language opens doors to culture, history, and politics. It disciplines the mind. It allows us to reach out to foreigners by showing them the respect that adheres in addressing them in their own language. Knowledge of foreign languages will be an invaluable asset no matter how you slice it in this era of globalization.

It wasn't much reported on. The Bush administration enacted an initiative in 2006, a Foreign Language Initiative. They received in fiscal year 2007 \$114 million. Their initiative had three broad goals, to

expand the number of Americans mastering critical need languages, to increase the number of advanced-level speakers of foreign languages, and to increase the number of foreign-language teachers at all levels and the resources available to them. This was a good start, but I think we can do better. The Bush administration's National Security Language Initiative drew on the combined resources of the Education Department, the State Department, and the Defense Department. Currently today those three departments have a budget in excess of \$500 billion. Much of that is for the Defense Department, still a combined budget of \$500 billion. Right now what we've giving for the study of critical foreign languages amounts to .02 percent of the combined budgets of Education, State, and Defense.

I think we should triple the allocation, let's say \$350 million, and here I think is the efficient way to invest that money, not by giving to universities, universities can waste this money in all sorts of ways, by giving the money directly to students. Establish critical foreign language fellowships. You give the money directly to the students. If they maintain let's say B+ average they continue to receive their yearly stipend. If they study for more than 2 years, the third year or the fourth year, then they have an obligation to give back to the country in exchange for the fellowship they've received. They can give to the State Department by serving in the State Department with their expertise in of course not just

Arabic but also Pashtu, Chinese, Hindi, other critical foreign languages. They can give back to the State Department. They can give to the Defense Department serving as translators. And they can give back by serving as teachers or educators in high school. Then they can go on fluent in these various languages to careers in the private sector if they wish. I recommend the same sort of program for the sciences, physics, biology, chemistry, and mathematics. With 3 or 4 years of fellowship support, students acquire an obligation to give 1 to 3 years of their time after graduation to teach in high schools to help train the new generation who will acquire this very valuable expertise in critical foreign languages. Thanks, Mike.

MR. O'HANLON: Peter, just to clarify to drive home the point, you have a number of options, anything from teaching to foreign service, intelligence, et cetera. These would all satisfy that 1- to 3-year --

MR. BERKOWITZ: That's right, and this is one of the reasons that I hope such a proposal can acquire bipartisan support. There are a variety of reasons why one might want to acquire knowledge of a critical foreign language and a variety of ways that one can contribute to the country, all the way from serving as a translator in the Defense Department to teaching high school students so that they can read the best of Arabic and Chinese poetry.

MR. O'HANLON: One last quick question while we're on the specific proposal. Let's say that Nike needs a thousand Chinese speakers to go do some big business expansion. Can it buy out the government's investment essentially or is that an idea worth talking about? In other words, if somebody wants to go use this right away overseas but it's for a company which presumably we want to help, is there a way you could work that into the program?

MR. BERKOWITZ: It's an excellent idea. I haven't thought about it. I don't see on its face any reason why one couldn't begin to work out an accommodation and it would be up to I would think the Department of Education, the Department of State, or the Defense Department, whichever department had been responsible for funding that particular fellowship, but in principle I don't see any reason why not.

MR. O'HANLON: Thank you. Audrey?

MS. SINGER: Thanks, Mike, and I want to thank you for the invitation to participate today because it is true that the candidates are not talking much about immigration. They're not talking about it much in their stump speeches nor during the debates. Their commercials and advertisements are not really touching on it in English. They are talking about it in Spanish and that is one of the most striking things about the conversation that's going on right now.

In English we hear very little. In Spanish there's this fight going on which Mike alluded to between who cares more for the immigrant population, for the Latin population in particular, and there's a battle going on that started about a month ago on television ads, but I think it's moved to radio now. They're both blaming each other for not getting immigration reform passed in the last congress. It's obvious that it's easy not to talk about it more generally and it's obvious that they're talking about it in Spanish because they're vying for the Latino vote and those commercials started playing in the swing states with heavy Latino populations and now Obama has moved into other swing states with smaller Latino and immigrant populations.

But the question is why are they not talking about immigration? There are a couple of important considerations there. One is that they essentially have the same stand on immigration policy and where it would go with one slight difference which I'll get to later on. So there's no big argument there. The problem with talking about immigration is they stand to lose votes. Whatever they say, because they both support a comprehensive approach to changing the nation's immigration laws, they stand to make people angry who are largely focused on the large population living in the country who don't have legal status and so they're avoiding it.

But the more complicated reason for why they're not talking about it is they don't really have a good solution beyond what's already been stated and it's a complicated issue, it's a very politicized issue, and it's a very emotional issue. So the response that they need to make hasn't really emerged yet and the way to lead on this would be to change the conversation a bit from what we've heard before which the last two congresses debated which brought up a lot of tough arguing and hard feelings. So that's kind of the bottom line there.

But I think it will be useful just to talk a little bit today about some of the basic facts about immigrants in this country and immigration in this country in general because immigration is one of those wonderful topics. People know a lot about immigration, your everyday person on the street, and pundits and people talk about this all the time, but it seems to be that there's somewhat of a fact-free zone around immigration so some of these facts get lost or they get used in various ways that help one side of the argument or the other.

So I'll start -- the most recent estimates from the Census Bureau shows that immigration to this country is declining and it has been for several years, and those who track the numbers know that, but it's not really a big part of the story that we're hearing. It's not really something that people are focusing on. It's probably declining largely through our

economic situation right now and maybe a little bit due to enforcement which I guess I'll clarify, at least the word out on enforcement, not necessarily the enforcement procedure itself, but the word has gotten out that there have been work site raids and more enforcement internally in the U.S. So there's been a slowing in the last year, and particularly migration from Mexico. When you track migration from Mexico with U.S. unemployment rates you see a clear relationship. Mexican migrants, particularly low-wage workers, are the most sensitive to our employment rate of any class of workers there are.

Also last week the Pew Hispanic Center put out recent estimates of the unauthorized or the illegal population. They show what they think is a slowing of the illegal flow. There are some statistical issues so everything is qualified, but what they think is that the flow of the illegal population is faster than the legal population which makes sense. So since 2000 there have been more people coming here, slightly more people coming here, illegally than coming here legally, and that's happened for they think over the course of the last year.

During the 1990s which was the decade where we had more immigration than any other decade on record and (inaudible) are much see in this decade, about a million immigrants arrived every year, that's legal plus illegal. The United States now has more than 38 million foreign-

born persons, so that's people who were born in another country regardless of legal status. It includes those who are here on green cards, legal permanent residents, those who have naturalized, become U.S. citizens, those who are here on temporary visas like students and temporary workers (inaudible) those who are in some kind of a refugee or asylum status, and those who are here without status, illegal or the unauthorized or the undocumented, you can choose your word of choice. So we have 38 million foreign-born people, about 12-1/2 percent of the total population, which rivals the early decades of the 20th century when it got as high as about 15 percent in the 1920s, but it has never gotten that high since then.

This country houses more immigrants than any other country in the world, so about 20 percent of the world's population that lives outside of their country of birth lives in the United States and about nine other countries round out half the world's immigrant population. In this country, the population breaks down roughly to about one-third of all foreign-born persons are naturalized U.S. citizens, about one-third are here as legal permanent residents, and about one-third are here in an illegal status. Immigrants are also slightly overrepresented in the labor force, so they make about 12-1/2 percent of the total population, they make up about 15 percent of the labor force, and it's estimated that in the

last couple of years, more than a couple of years I think, the new entrants to the labor force if you look at the newcomers coming into the labor force for the first time, about half of them were immigrants. So they're a very important part of our national economy and our national labor force.

The 1990s also marked a new pattern in settlement of immigrants across this country. For a long time immigrants settled in just a few states and big metropolitan areas and big cities, and by the end of the 1990s because of the way this country was growing and because of the jobs available in fast-growing places, immigrants began to set up in new states, in new metropolitan areas, in new towns, and in new suburbs across the country. We have seen a dramatic shift in where immigrants are living and that has meant that immigration when we talk about it in the national dialogue has taken on greater meaning for a lot of people across the country. Fifteen years ago people thought about California, New York, Florida, Texas, now people in a lot of places see immigrants in their communities and make this connection with the national debate which as I pointed out got pretty heated in the last congress.

One indicator of how important this issue has become is the number of state and local laws that have been proposed and passed. If we look at last year alone, 2007, in the states alone, not municipalities or local areas, more than 1,500 bills were introduced, 240 became law, and

that's about triple what we saw 2 years before. So there's been increased attention at the state level. It's been very hard to count what's happening in cities and counties and other municipalities, but it's something of great interest to people who study local areas and want to know what the impact is and for local leaders who are being pressured to take control of immigration in their communities. So there are a lot of things happening at the local level. Not all of them are restrictive. There are lots of new practices and policies and laws that reach out to immigrants through language access programs, through supportive social service programs or programs that move to integrate immigrants into their communities including naturalization assistance.

So the question is what are the options? Where are we going? Let me talk a little bit about what comprehensive immigration reform means and how divided this has become. In the last congress this comprehensive immigration reform gets refined. The more we talk about it the more we know about it. The more research we do on it the more refined the proposals become. But it refers to a broad package of immigration programs and includes a number of changes to existing policies. At the top of course is improving our border security and that's through infrastructure, through personnel, through technology. It includes introducing a reliable way to verify legal employment in this country.

That's a very tough issue to solve technologically as well as in terms of a sell to the public, having national I.D. cards or something like that. National databases are always a hard sell in this country. It includes having a legalization program, one that would be fair, one that would allow people who are currently here without authorization to go through a background check -- get in the back of the line of legal immigrants waiting to come in. It includes possibly a temporary worker program or a guest worker program to address flexibility in our labor force. It includes expanded legal channels of entry so changing around our admission system, our system of allocating visas based on family ties, based on employer ties. And then it also includes improving in general our bureaucracy in the Department of Homeland Security and reducing the backlog. So it's a very big set of issues. Each one is very complicated and controversial in its own right.

But the two candidates really until recently came out very even on this issue. Of course McCain was a cosponsor of the last immigration bill that was defeated with Kennedy. He was seen as a very strong voice on immigration reform but moderate, not too crazy for his party, but I don't think he was very successful in bringing along as many people as he needed to. So he's stepped back a bit from that stance. Obama also voted for that comprehensive immigration bill, but what

McCain is fighting with him about now is what McCain calls an amendment that was introduced at the end. McCain calls it a poison pill and he blames Obama and the Democrats for killing the bill, and it had to do with phasing out a guest worker program after 5 years of having it in place. I won't go into the details of that.

What McCain has done in recent talks is to step back a little bit from comprehensive reform. He still addresses the issues in the same way. He still talks about needing a program to bring illegal immigrants in from out of the shadows, border enforcement, and the whole package, but he talks about now an enforcement first policy. So he's clearly pushing the idea that we need to nail down the border and get our internal enforcement in control before we move on the next set of proposals. So I think honestly for both of them the biggest stumbling block will still be a legalization program. That's very controversial. It's a very tough thing to convince people. And as we go into this next economic cycle, people start to lose jobs, people look around, I think it will be a tough one to move ahead.

I think there's another issue that I'm just going to spend another minute if I have another minute on that addresses local issues, local players, local communities, and immigrants in local areas that isn't really about comprehensive reform. There is an idea out there to

introduce something like a New American Initiative and this would be a program that is designed to provide funding, resources, ideas, to states and local areas on how to deal with immigrants in their communities and how to socially and civically and economically support them and support both local governments and local immigrant communities to integrate them into local areas. This is an idea that's out there floating around. There was a bill introduced in the summer cosponsored by Hillary Clinton and -- to kind of move this ahead that was pretty much a conversation starter. But when we look at where the action is, where the legislative action is, where the social discomfort is, it's clearly in local areas, residents, immigrants and local leaders and elected officials in those areas.

MR. O'HANLON: Thank you, Audrey. One quick question before I turn it over to Richard. It sounds like as with Peter you both are doing us the service of proposing some big ideas that actually don't cost that much money. The last set of programs you mentioned probably costs a bit, but most of the immigration reform issues that you mentioned I believe are not huge budget busters. Is that a fair summary before we go on?

MS. SINGER: I think some of the enforcement proposals are expensive especially for an internal system and the border stuff which

I guess some has been done, some money has been put in, but I think it's on hold right now. So there are budget implications, but it's not --

MR. O'HANLON: Richard, is there anything going on in Asia?

MR. BUSH: Before we turn to Asia I'd like to acknowledge your leadership of the Opportunity 08 Project.

MR. O'HANLON: Thank you.

MR. BUSH: But also note that -- come with that an opportunity cost. You probably could have written four books in the time that you spent on that. So Foreign Policy Studies is going to be happy to have you back.

On China and North Korea, the campaigns haven't completely ignored those two countries. A few days ago the two campaigns had dueling statements over President Bush's announcement that he was removing North Korea from the terrorism list, and early last week there were competing statements on the Bush administration's decision announcing an arms sales package for Taiwan. The two countries come up indirectly whenever there's a discussion of protectionism versus free trade that's pretty much about China, and a debate over whether it's a good idea to talk directly to our adversaries, North Korea is one of the poster children for that issue. Still it's fair to say

that neither has made China or North Korea a central focus of attention, and that's a little surprising. Each is a big issue. Whether we contain North Korea's nuclear program has major implications for the stability of Northeast Asia. I happen to believe that how the United States addresses the revival of China as a great power is the big foreign-policy issue of the century.

The political scientist in me wonders why this is the case, why there hasn't been this attention. I don't think it's because Korean names and Chinese names are hard to pronounce and hard to remember. North Korea I think is kind of an inside-the-Beltway issue. There are not huge voting blocs that are animated by it, not big group interests. You can't make one or the other candidates vulnerable because of it. I think more significantly, the cleavages on these two issues don't align with the cleavage that divides the two parties in this election. For China the big cleavage is between the two wings versus the center and the big issue is how wide the center is. The cleavages are within the parties really is what I'm saying. On North Korea, both Senators McCain and Obama have expressed a fairly healthy skepticism about Bush administration policy and with respect to recent decisions they have expressed conditional support for those decisions. They have emphasized the importance of verification. They have emphasized the importance of consulting fully with our allies.

And each has suggested that it's important to marry pressure to diplomacy, suggesting they feel that the Bush administration has emphasized diplomacy alone.

Another way of saying this is that they don't disagree that much on either North Korea or China and so I would agree with Audrey that this is one of those issues where there's a lot of convergence. There are differences over nuance and tactics, but I think both Senators McCain and Obama take the same basic approach toward China. It's one of engagement with a hedge. On North Korea they both see this as a difficult policy problem where optimistic illusions are not an option. It's too bad that the campaigns have been ignoring these issues because campaigns can have a very value educative function, so I'm glad that at least we're having this program today.

On China let me just make a few points, categorical statements, and we can come back to them in a few minutes. As far as our economic difficulties and problems with China, I think we need to distinguish between symptoms and causes. A lot of the issues that we focus on, currency, the trade imbalance, are really symptoms of domestic policy weaknesses in our two countries. It goes back more or less to the fact that Americans don't save and the Chinese save too much. This is a result of incentives that are created within each system and to restore

balance in our economic relationship those incentives are going to have to be revised so that we save more and the Chinese consume more.

I think that over the long term, rivalry between our two countries of a geopolitical sort is not inevitable, but whether we end up as rivals will depend on how we interact between now and whenever. We will learn things about each other's intentions in the process of interacting on issues like Taiwan, Korean, Iran, climate change, and through the course of that interaction each of us will decide whether the other is a good guy or a bad guy. The outcome I think is one where the great powers decide for their own national interests and for the sake of the international system to work together, including the United States and China. On the issue of Taiwan, I think there is room for optimism after 15 years of tension. I think there is a strategic opportunity to put that issue on a much stronger basis.

With respect to the United States, I think rebuilding the foundation of American strength is important for its own sake, but it's also very important for maintaining a healthy relationship with China. So things like higher education and making the most of our immigrant assets is good for us, but it will also put us in a better position with a rising China. The issue I think is not whether we have the capacity to do that because I think we do, it's whether we have the will.

In the short term, the next president is going to face a host of immediate challenges, and I'm not sure any of them come from East Asia with the possible exception of North Korea. However, I do think that China can be very helpful on dealing with a lot of those, Iran, Afghanistan, climate change and so on, but to get China's help the next president is going to have to quickly build a strong personal relationship with the leaders of China. So we've got the sequence that's right, build the relationship with China's leaders in order to get China's help on the problems that we're going to face anyway.

On North Korea, we thought we were going to face one issue, but now it's clear we're going to face two. The first issue is can we contain North Korea's nuclear ambitions. You probably know that there's a process called the Six Party Talks that was created about 5 years ago with the goal of denuclearizing the Korean Peninsula. The six parties are the United States, North Korea, South Korean, Japan, Russia, and China, and China is the host. This has been kind of a bumpy ride because when North Korea believes that the United States has reneged on any of its commitments as North Korea defines them, it then engages in brinksmanship, and consistently in the last couple of years the Bush administration has backed down and then we move forward. The whole process has been made more difficult because the Bush administration

has been divided over its North Korea policy and somewhat incoherent. But progress has been made. After allowing North Korea to accumulate enough plutonium for six to 10 bombs, we are now back on the road to capping the plutonium part of North Korea's program. The outlook is that by the end of the Bush administration, we will get to the point where that plutonium program is disabled. That's the part of North Korea's program that its leaders have decided to give up anyway.

The next administration is going to face a daunting agenda, however. Number one is dismantling that plutonium program which could take a long time. Second is addressing North Korea's program to develop fissile material through enrichment, whatever that was. Number three, clarifying its relationship with Syria, whatever that was. Four, addressing North Korea's stockpile of fissile material and nuclear weapons and hopefully getting them out of North Korea. This is an area that North Korea has stated a general commitment on but we're far from engaging them on. Finally, we need to verify all that. At some point North Korea is going to probably raise again the issue of light-water reactors for civilian nuclear power. Those projects in that regard had been started in the Clinton administration and then shut down by the first Bush administration. All the way along through this process we are going to have to work hard

to maintain the confidence of our South Korean and Japanese allies and that will be no easy task.

The hope is that through a process of incremental trust building and with the promise to North Korea of security guarantees, normalization of relations, economic assistance, acceptance in the international community, that it will all work out and North Korea will be a nonnuclear-weapon state. However, there's a big question, will they really do it? There's a logic that says that at the end of the day they decide to keep the bomb. They live in a hostile neighborhood. They have no allies. They've learned that having nuclear weapons gives them bargaining power. And they have domestic politics that gives primacy to the military which loves having nuclear weapons. So why would they give them up? And if the Six Party Talks don't work, what's plan B?

The second issue in addition to this nuclear issue is it now appears that the end of the Kim Jung-Il era is coming. We've set that aside, but then last August he had a serious health event, probably a stroke. We really don't know his condition now. The North Koreans have released information, photographs, news releases, that suggest he's just fine, but it's not clear that that's the case. It seems that there's no preparation for the succession. His sons don't really seem capable of taking over, and even if they did, it would require much longer lead time

than has been allocated. Power isn't really vested in positions in North Korea as it is in our system so the succession isn't an institutionalized process. Succession is more than the who. What's important are the institutions that have power and the policies that they pursue.

Another big issue is how much instability will ensue once Kim Jung-Il passes from the scene. Is there a chance of collapse of that system? Even if the probability is low of that scenario, the consequences are horrendous and so it's worth studying. And we really don't know. The North Korean case is probably unique. My guess is that when Kim Jung-Il dies that sooner or later the power will flow into the hands of the military in part because he's built them up as the key institution. That's a little problematic for denuclearization of course because they see that as an important asset. I wouldn't bet on collapse. If it would come, it come from conflict within the regime rather than from forces outside the regime. But as I say, collapse is high consequences even if it's low probability and so that possibility dictates I think the need for the countries concerned, the United States, China, South Korea, and Japan, to start talking amongst each other more than they have about how to manage that process.

In conclusion, I would note that there's a link between North Korea's nuclear program and its fundamental goal of regime survival and that is nuclear weapons give them bargaining power, give them bargaining

power to get economic assistance to keep the regime afloat. That means that (inaudible) days of addressing issues of fundamental reform -- give them an incentive to keep their nuclear weapons. Finally, the nuclear issue alone creates a good reason for our next president to develop very quickly good relations with the other leaders in Asia. The nuclear issue plus the succession issue requires it. Thanks a lot.

MR. O'HANLON: Thank you, Richard. Now I'd like to turn things over to you. You're of course welcome to pose questions that delve into the substance of these proposals and also get into a bit of the politics, so I look forward to your questions. Please of course if you don't mind specifying not only who you are but which panelist you'd like to begin by answering your question.

SPEAKER: My name is (inaudible) and I have questions and some comments about Mr. Berkowitz. It seems to me that the basic problem of higher education in the United States, it's not exactly a higher-education problem, but high-education problem because until we have the best agreement between supply of native high-education graduates with demand from universities for best-qualified students, there's no solution for this. So my opinion is that the basic problem of higher education is high education.

Meantime, there's of course some problem with higher education. Number one is unbelievably high price to receive higher education and there's something behind this, and if I can give you some suggestions. First of all, it's necessary to have a cap of salaries for university professors, the same as the cap of the best professional players in basketball, many professional fields, especially if universities have support from the federal government it means the people of the United States -- if you have some grants or some support from the federal government, it's an obligation. It's free. You can pay whatever you'd like to your professor. But then you will be restricted from the federal funds.

MR. O'HANLON: I'm going to impose a one-suggestion, one-question policy. So if you don't mind, if you could get to your question.

SPEAKER: Yes. Sorry. Of course I have another, but (inaudible) but next it's the connection with immigration because if you'll see graduate students in math and science in American universities (inaudible) and there's something wrong. So it's a very essential issue and again it's connected with (inaudible) supply from native high school graduates from United States schools, from United States universities and it's very a very essential problem.

MR. O'HANLON: Those are two great issues. Thank you. The overall cost of higher education and then how much we're doing about educating our own people versus foreigners in areas like math and science. Peter and Audrey?

MR. BERKOWITZ: Briefly, I think there is no hope is instituting a cap on professor's salaries unless you establish the cap at the same level as you have with professional athletes, the cap that no professor will reach. As far as the high cost of higher education, this is a serious problem, and two things about that. One, you need to take into account the billions of dollars, hundreds of billions of dollars, that the federal government makes available in a wide variety of grants for students to attend colleges at all levels. The 2006 emphasized that what we need to do is create greater outreach programs so that more students, especially lower-income students, are aware of how much financial support there is. We have a problem though if we increase the available amount of financial support and that problem is that universities will jack up their tuition. At the elite level, there has been a measure which has already begun to be debated in congress that would require the elite universities, the super wealthy universities, universities like Harvard, I don't know what's happened over the last 2 weeks to its endowment, but in August of this year, in August 2008, Harvard had an endowment of

approximately \$34 billion, Yale had an endowment of approximately \$22 billion, and so congress began to discuss whether there should be a requirement that universities pay out a higher percentage of their endowments which is to be used presumably to lower tuition costs. Already the elite universities have done that voluntarily, increased the amount of financial aid they make available.

MS. SINGER: What you say is true. I think half of all math and engineering students currently enrolled in this country were born somewhere else. The question is will they stay, will they go. Each of those options has its own set of pros and cons associated with it. But I think the other thing that's important is that universities are businesses and they need to make money and most foreign students pay their own way and that's what's opened up this channel of foreign students.

MR. O'HANLON: Richard, do you want to comment? Actually I have a question for you quickly which is that I understand from the statistics that say there are so many Chinese students studying in the United States or getting degrees in science and engineering in their own country -- the categories that are used to describe what's an engineer are often different and so therefore even though we have a deficit, it's perhaps not quite as hopeless as some of the numbers would first imply. Do you know these numbers and is there any truth to that?

MR. BUSH: I don't know the details, but my understanding of what China means when it uses the term engineer is much broader than what we mean when we use the term engineer for these purposes. So it's really sort of apples and donuts.

MR. O'HANLON: Sean Maloney of Intel wrote a paper for us by the way on this project that talked about trying to encourage more study of science and math, so just so you're aware of that.

SPEAKER: My name is (inaudible) I work for (inaudible) Chile. Ms. Singer, I appreciate your comments on immigration. I completely agree with you. And I was wondering though you know that the immigration has a lot to do with what happens in Latin America so I was wondering if you think that also the foreign policy toward Latin America is something that (inaudible) agenda of the candidates. I would also like to extend this question to Mr. Bush.

MS. SINGER: I think Latin America as a foreign- policy issue has kind of slipped in recent years, not when it comes to trade or immigration so much, but in general. But I think you'll be interested to know that Obama explicitly includes in his statement about U.S. immigration change something about development in Latin America, economic development issues, and he supports -- it's very vague, but he supports going down that path very explicitly.

MR. BUSH: I don't have anything to add.

MR. O'HANLON: Yes, sir?

SPEAKER: My name is Josh (inaudible) I'm an intern with the Saban Center. Mr. Bush, I have a question about North Korea. Is there a way to -- the traditional way that we talk about North Korea in terms of diplomacy seems to be state to state, but is there a way of somehow changing the mythology that exists for the people of North Korea -- many ways people think about Kim Jung-Il being born on a mountain and descending from heaven and all these things, but meanwhile there's an internal famine. Is there a way in the process of changing leaders to effect the view that the people have of their leadership and maybe that would change their ideas and the interaction with their government?

MR. BUSH: I think that that change is going to have to come from within North Korea. It will probably be a change that initially is going to be the result of the decision that North Korean leaders take themselves, a decision that they're going to have to relax some of the controls that they've imposed. I think that having more foreign governments having diplomatic relations with North Korea and having embassies in North Korea will have an effect at the margins and an effect over time. If North Korea has more economic relations with the rest of world will help as well,

exposing people to information, but this will be a long and gradual process I think.

MR. HUGO: Thank you. My name is Scott Hugo and this is for Mr. Bush. We know that Taiwan is a central issue for China especially in light of nationalistic sentiment. I wanted to ask you what think is the U.S.'s current capability to honor its security arrangement with Taiwan?

MR. BUSH: The United States I think both in terms of its naval assets and air assets which is what would be relevant is still very, very capable. On the other hand, China is gradually but seriously increasing its military power and its strategy is twofold. In the event of a situation where it would feel that it had to go to war to protect its interest one is to inflict punishment on Taiwan itself, the other is to keep the United States out of the -- try to keep us out of the fight. I think that the core U.S. policy over more than a decade is to keep the probability of any conflict low so we would never have to use those capabilities and we were pretty successful. It wasn't always because it was a complicated situation but we were successful. And since the election of President Ma Ying-jeou in Taiwan, it appears that there's a chance that the probability will go even lower because the two sides of the strait have embarked on an interaction that is reducing tensions and could reduce the chance that -- reduces the phenomenon that's existed for the last decade that each fears that the

other is about to challenge its fundamental interests and then lead to some sort of military conflict. So the trend is good and we still have quite a bit of power.

SPEAKER: I'm (inaudible) and I'm an intern here at Brookings too. This is a question for Audrey. I'm going to apologize if this a bit of a naïve question or something, but you mentioned earlier about language action programs for immigrants and I guess the problem that all of us have with immigration is when immigrants come to our country under false promises and then like in Columbia Heights the other day when they found a brothel -- all these women coming to America under false promises. I'm wondering if there's opportunities to provide better jobs and I'm wondering if in exchange for these language action programs where we're teaching these immigrants better English if there's an opportunity to use them in the schools like Peter suggested as sort of native speakers in high schools and universities -- large Chinese population, Arab population, back in the U.K. we certainly have kind of a native speaker just to speak to (inaudible)

MS. SINGER: That's a good question. Sums up all of our topics. What you're suggesting is something that I haven't heard much about but I think there's an opening for something like that. The idea about language is the following. A lot of immigrants come here not

knowing much of the language and particularly if they're low income with no a high education to begin with, there's not a lot of opportunity for them to learn in everyday life here or to go to school. So ironically it's the thing that immigrants say is the most important thing for them, to learn English, but it's often especially if they come as adults the hardest thing for them to learn to do. So there's been a lot of programs and various policies around the country that are sort of coming together nationally as people start talking to each other more.

But one idea is to reach out to immigrants so that local governments can reach their residents in their own language if they have to while they're on the way to learning English. But learning English is something that's mostly done in the private sector or in the nonprofit sector. So a lot of immigrants have to encounter a program related to the church or community organizations or something like that and the timing is often hard. So this is a really difficult problem to solve.

At the same time it seems like when you look at enrollment across the country in English language learning programs, there is much more demand than there are slots in these classes. So I think what you are suggesting, I haven't heard of such a thing. I've heard of a few other things kind of like that to move immigrants into jobs where they can actually use their language while they're learning English or after they've

learned English is an interesting one. There has been a program in this region that placed Peace Corps volunteers from various countries with language skills in public schools in the region to work with students who were coming from those countries (inaudible) languages, sort of a similar idea. But it would have to start small and it would have to be a concerted effort, money, resources, and that type of thing.

SPEAKER: My name is Alfred (inaudible) I'm a government employee here. I'm just wondering how we begin to make progress on these issues as well as any number of other ones without solving the finance crisis and the government debt program especially given the fact that China holds a significant amount of that debt as I understand it.

MR. O'HANLON: I'll begin the answer and then invite my colleagues to respond. I didn't do this on purpose, but when we thought about the panel, one of the things we wound up doing was finding three people with fairly economical proposals -- attack big problems in the country, or in the case of education, while there's a lot of money spent on it, it's not necessarily mostly government money. So in that regard we're trying to do our small part up on this panel by not putting tens of billions of dollars for programs to solve these problems, so that's my framing comment. I don't know if anybody wants to add their contribution to deficit

reduction or to repair of the current fiscal crisis how they would see that intersecting with their issue. Does anybody want to comment?

MR. BERKOWITZ: I'll just add quickly on behalf of my own proposal I echo what Mike said. It wouldn't take much to create the kinds of fellowship programs that I mentioned for both sciences and math and for foreign languages. I think the dividends it would pay would be tremendous. All it takes, something else in short supply, is leadership, leadership both in the White House and leadership in congress to enact it. It's a tiny amount of money actually, again, with big dividends.

MR. BUSH: If I can just comment, coming at this from a U.S.-China relations point of view, I'm impressed by the absolute necessity of changing the incentives in our country to encourage savings, to refigure the balance among savings, investment, and consumption, and that should start with the federal government to reduce and end the deficits that we've had, and that's easy to say, it's really hard to do, but it also extends to households and corporations. I think that demographic changes, the aging of the population, will help to some extent as more and more people have to think about retirement. I'm a very aggressive saver just because of my age. But if we continue in a situation where people think that there are no costs to consumption, we're in big trouble.

MR. O'HANLON: On that last point, don't worry about your savings. We're not going to let you retire.

MR. JORDAN: Good morning. My name is Michael Jordan and my question is for Mr. Bush. When I think of our engagement with North Korea, I tend to compare it with the engagement with Libya in that Libya somehow came back into the fold of the international community by abandoning terrorism, closing off a few pending issues relating to the bombing of the airliner, and also abandoning its nuclear program. But in Libya's case there were clear incentives or clear aspirations of the government that led them to that conclusion, exploitation of underdeveloped hydrocarbon fields, Qaddafi's desire to be recognized in the international community. What are the aspirations of the North Korean regime? And how can we formulate incentives based on these aspirations that would allow a long-term shift toward better engagement with the international community?

MR. BUSH: You asked a very intriguing question because it goes to the mentality and to the strategic culture of the leadership in these two places, and it suggests that maybe it's not enough to arrange the costs and benefits of the deal in just the right proportions so that -- it's obvious that Kim Jung-Il would see the value of giving up his nuclear weapons. It happens that North Korea has for decades thrived on the

idea of victimization at the hands of the United States. That's one of the forces of the legitimacy of this regime. For decades it has placed a premium on the idea of what they call (inaudible) or self-reliance, really the idea of strategic autonomy. They built this up at the same time that they've taken aid from external sources whether it was the Soviet Union and China or now the international aid community, but they project the idea as a way of keeping themselves in power. And so at the same time that we offer a decent bargain, you have to penetrate this strategic culture as well and that's not so easy.

Perhaps this is a peculiarity of the Kim dynasty and maybe when the Kim dynasty is no more that will change things. Maybe not. I have no idea. But I think that there was a flexibility operating on the strategic (inaudible) or an open-mindedness operating in the strategic (inaudible) that Colonel Qaddafi was wearing that may not be present in the ones that the North Koreans are using. I hope I'm wrong. Please, I hope I'm wrong, but I'm afraid you're on to something.

MR. O'HANLON: That's a very thoughtful answer. I want to just add a quick point which I think also summarizes the challenge. I have tried to argue in writing with Mike Mochizuki that we should try to convince the North Koreans what they want is the Vietnam model. I don't believe they want it yet. There have been occasional signs that they thought they

might here or there, but it hasn't been followed through consistently. And I once had a conversation on a panel with Ash Carter of Harvard and I said you've got to make them want the Vietnam model and he said, yeah, but they're going to worry at least as much about the Ceausescu model which is you begin reform and you get assassinated or you get overthrown in a coup. So that's another way to crystallize the dilemma.

MR. FURMEN: Good morning. I'm Michael Furmen (inaudible) about two decades ago the Washington Metropolitan Transit Authority decided to design (inaudible) in this town and one of the things they decided was to go about to the major cities throughout the world and ask the question to transit designers what were the good points and what were the bad points of their systems had they had the opportunity to design it again. As a result of that, I think we've ended up with a pretty good Metro system. My question is, if you take this into the context of the three topics you've discussed, do you think we could go and ask internationally the same questions -- successful cases for education, immigration, and strategic policy. Thank you.

MR. O'HANLON: Does anyone care to start?

MR. BERKOWITZ: I'll start. It's a great idea. Two points. One is it turns out despite popular opinion and some reality of waves of anti-Americanism around the world, the truth is that the American model in

higher education is the gold standard internationally. There's tremendous amount of university building in Asia and the Arab world, in India, in South America. They all look to our model as the standard. That said, it's reflected in my own proposal that we need to promote the study of critical foreign languages, that we need to reach out. This is a way -- more students who are more familiar with the languages and therefore the cultures of other countries will be able to inform us not only about higher education, but be in a position to provide -- to learn from these other countries and cultures in a wide variety of areas.

MS. SINGER: There's an interesting thing about immigration internationally -- a lot of countries look to us for how we do things here because we have such a big and diverse population. But I think we look to Canada for how they integrate immigrants. We look at their policies (inaudible) sometimes and their admission policies sometimes too because they have a much more structured approach bringing immigrants -- bringing them into language programs, giving them access to a lot of immediate needs. But a lot of countries look at what's happening here and they realize we don't have much in place but we do have economic opportunity (inaudible) so there's a lot of looking around going on right now on how to better make this integration process happen locally.

With regard to legalization, we haven't had very many legalization programs in this country, but a lot of European countries have, and so there is a lot of looking around on that issue, particularly the relationship between an illegal population, legalization programs, and then the result of that, does that induce more immigration or does it just mean there has to be more legalization programs. So I think there is a considerable amount of looking around, but it's a hard issue (inaudible)

MR. BUSH: Let me give you a couple of different answers to your question. In one sense there may not be much we can do to gain lessons from others because we're the superpower and other countries depend on us to solve the tough problems. This is the (inaudible) problem. Let Uncle Sam do it and when Uncle Sam does it we'll benefit from whatever happens.

On the other hand, there's been a lot of attention in recent years to the idea of soft power and the decline of American soft power. At its core the idea of soft power refers to two things. One is the example that a country sets, and number two is ability to set the agenda for the discussion of major issues on the part of everybody. I think that in my own personal view we have fallen behind on both those criteria. This is not meant as a partisan statement critical of the Bush administration because I think that this has been happening for some time and it's a criticism that

could be laid at the door of both Democratic and Republican administrations. The failure to save is a national trait, it's not a Democratic or Republican trait, but it affects our economic position around the world.

So I think in order to restore our soft power, the first thing that we should do is give up the hubris that we have all the answers and start listening more and then spend a lot of time rebuilding what made this country great in the first place and what gave us the authority to set the agenda after World War II and through the Cold War era and what allowed us to set the example that others wanted to follow. That's easy to say. It's not easy to do. Again it's not a question of capacity. I think we have the capacity to do that. It's more a question of will. Thanks.

MR. BUTERA: Thank you. Good morning. My name is Michael Butera. I want to do this real quickly. American citizens seem to be in favor of college affordability, in immigration they want to make sure the borders are secure, they're for nonproliferation. It's the reason that the presidential candidates don't talk about these subjects, because when you go to the depths of each of your presentations if they were to actually discuss that, they lose votes with the possible exception of gaining votes in the Latino community? So the reason these things don't get discussed in the political context is it's all about whether or not they can get votes

and they can't get votes if they talk about it at the depth of the conversation you each put forward this morning.

MR. O'HANLON: Audrey, you've already spoken to that I guess, but Peter or Richard, do you want to add anything?

MR. BUSH: I'd probably also put people to sleep.

MR. BERKOWITZ: To be honest, I'm a little puzzled in regards to higher education. I actually think the proposal I sketched is inexpensive, appealing across the aisle, and something that might actually excite voters and attract votes. Your theory might be right, pursuing policies in depth is not a sure-fire way it turns out to attract voters and to energize them, but I would have liked to see somebody try out this proposal.

MR. BUSH: Mike, if I could make another comment. Perhaps it's really the job of the moderators in the presidential debates to ask questions on the issues that aren't getting discussed, ask questions on issues that the candidates are afraid they're going to lose votes on if they had themselves raised it, and unfortunately there' been too little of that.

MR. O'HANLON: I'm going to give one quick thought myself which is -- and others may disagree with this, but on North Korea policy I actually think both candidates are missing an opportunity. For McCain

there's an opportunity to show that he's not all about bomb, bomb, bomb, bomb, bomb Iran, because no one is going to bomb North Korea unless they themselves become directly menacing to South Korea or start literally shipping overseas nuclear weapons. The costs of any war would be so astronomical. The question is how can you use the Six Party process and our alliances to tighten the economic screws on North Korea if you don't make progress in the negotiations. I think that's the question. And I think McCain because he has expertise in East Asia and has helped with the normalization of Vietnam can sort of sketch out the good vision but also the sanctions vision for how you consider two different options on North Korea. It would be an opportunity for him to show that the debate is not just about whether you talk to the president or not on the other side, but what the essence of your policy is. So I think he's missing an opportunity. Just as I thought actually John Kerry missed an opportunity on this issue in 2004 -- his expertise in East Asia permitted him to sketch out these two. So again it's not a Democrat or Republican thing so much. But for McCain in particular I think he could use this issue more than he has and gain votes or at least improve his stature because some people are a little worried despite his career of exemplary service about his temperament and about his willingness to use force. Just my take.

MS. MACHIDA: Natalie Machida from the U.S. Asia Institute. If I may ask two quick questions, the first one to Mr. Bush, back on the issue of Taiwan. Last week at the Center for National Policy, Chinese Ambassador to the U.S., Ambassador Zhou, spoke and clearly stated that he thought that the recent U.S. arms sales to Taiwan was a violation of U.S. commitment to the one China policy. He strongly suggested that the U.S. stop selling arms to Taiwan. I wonder if you can comment on that, if you see that as a realistic possibility and how to address this sensitive issue. Then also to Mr. Berkowitz, on the other side of higher education I think -- sometimes be neglected is continuing students with rising costs of tuition not really receiving adequate financial aid. I was wondering if either presidential candidate has addressed this issue as well as how to address the issue of recent graduates with high levels of student loans, if there's any suggestions or hope for how they can deal with it. Thank you.

MR. BUSH: On the Taiwan arms sales issue, first of all, this package has been around for a long time. These items were approved by President Bush back in April 2001 and for complicated reasons it's been delayed and delayed and delayed. The more substantive reason is that China has been building up its military power and the focus has been Taiwan and so as Taiwan has been basically static in terms of its military

modernization and acquisitions of new military power, China has grown, so in a relative sense, Taiwan is getting less and less secure. China's acquisitions have gone on even though we now have a president in Taiwan who has gone to great lengths to reassure China that his goals are not anything to be afraid of. This is a president in Taiwan who believes that it's important for Taiwan to have a certain level of military strength, that it's important to be able to negotiate with China from a situation of appropriate strength. So I think that this decision by President Bush was a perfectly reasonable one, it was responsive to the Taiwan security situation, and that the key variable at this point in cross-strait military relations and U.S. arms sales is China's on military buildup. And as long as that continues and makes Taiwan people less secure, then the United States will probably continue to respond.

MR. BERKOWITZ: Concerning continuing education, I'm not aware of any serious statements on this by either candidate, and I should say I regard this also as a missed opportunity. Continuing education, adult education, a whole variety of forms of nonelite education, is where the majority of Americans of course are being educated. Community colleges -- which I think something like 42 percent of Americans right now pursuing higher education are at community colleges. We need to attend more to the needs of these students and I would think it's a fertile source

of votes studying the -- talking about addressing the needs of these students and their parents.

On the question of loans, the fact remains that college education is still a wonderful investment so I realize that many students are laboring under the burden of repaying their loans, but what one can say to students perhaps not on the presidential level, say to those students, still among all the things you can do with your money that this remains even with the high burden of loans a great investment.

MR. O'HANLON: We'll go one last round and then we'll just have everybody respond to whichever question seems best for them. I see four hands, so if the four of you could each be fairly quick. Let's start, sir, in the front and then over to you and then --

SPEAKER: Dr. Singer, you've articulated very well why the current candidates can't talk about immigration because it's not particularly helpful to either one of them in the current environment. One of them is going to be elected. What do you see is the sequence of addressing comprehensive immigration reform? Whose leadership? Does it take presidential leadership or can the leadership come from the House or Senate? Where are the nodes of power in moving immigration reform?

MR. O'HANLON: If you can pass the microphone over here.

SPEAKER: This question is for Peter. I'm wondering what your position is on programs such as the CS scholarship funded by the Department of State. Do you think that it's in our interests to provide funding for students to learn critical need languages without having the obligation to work for the government?

MR. O'HANLON: Then we'll go to, yes, ma'am, here and then over at the side.

SPEAKER: Thank you. I guess this question can be for all of you. I certainly support Mr. Bush's comments about we need to get our budget deficit and spending under control since the young folks are going to pay the tab. And which candidate -- I'll rephrase that. It's up to the moderator in these debates to ask the questions and education and everything is important. Whoever is elected president, which one or is it up to congress to say we cannot fund this program and which -- if you had the opportunity, which programs would you ask in this next presidential debate the candidates to stop funding so that we can get our deficit and spending under control?

MR. O'HANLON: And the last question?

SPEAKER: It's a question for Mr. Bush. I was wondering if you could say a few more words about how to engage with China on the

economic and trade front and if you think high-level forums like the (inaudible) is the way to go.

MR. O'HANLON: I'll tell you what. I'm going to start with the budget question -- they can also answer if they on that, but we're going to have one question for each person. I'm going to just very quickly say I think tax policy is the bigger problem with both candidates. They're both promising the moon on tax cuts. That's I think the greater concern here. I think on their big initiatives, to the extent that I've tried to stay up with them by reading my colleagues' work in this Opportunity 08 Project and studying the campaigns, I don't think that either one is a huge budget buster. Yes, there are some fairly big programs, but even let's take health care reform, they're both trying -- and I give McCain credit by the way on this, he's trying to use the tax code to incentivize people to go find reasonably priced plans and then to use the tax code to try to do some redistribution of federal assets without increasing expenditure a lot. So we could go through more examples, but my biggest concern for both, and it's greater for McCain than Obama, but they're both bad, is their tax policy in my judgment. Peter?

MR. BERKOWITZ: On the question about the State Department program, I'm not wedded to the idea that in return for scholarship support that you perform government service because I

believe there's a benefit for the country for students who are interested and encouraged to study foreign languages and then going off and pursuing whatever careers they choose. The way I see it, they can still pursue whatever career they'd like at age 25 or 26 rather than at age 22, but I consider this a question to be hammered out empirically to try to figure out as best we can what benefits would be involved if there's no service requirement, what benefits if there's a service requirement.

MR. O'HANLON: Audrey?

MS. SINGER: On the question of where leadership will come from on immigration reform, it's a great question. We saw it didn't happen in a Republican-controlled congress, it hasn't happened in a Democratic-controlled congress, we saw it didn't happen with the president behind it in the last couple of years. So it's really tough to know the answer to that question. My guess is that this is a process that's going to take some time and that we do need some strong voices on this -- may not be a national figure in the sense of congress people, but some state or local leadership. Nobody is really talking about it at that level who has a strong leadership role or a strong voice. We don't hear governors in Texas or California, Illinois, whatever, we don't hear big-city mayors talking about it. There's got to be something that moves (inaudible) that's actually where people are forming their opinions of it that are (inaudible)

also media. We can't ignore the role of media in this debate. And we also had a forum a couple weeks ago on the role of media in the immigration debate a couple weeks ago at Brookings and there was a report that came out that explored this endlessly, but it's a great question. On the one hand you want to say McCain showed his leadership, but it didn't work so (inaudible) I'll leave it there.

MR. BUSH: On which program, it wouldn't hurt to look at the very expensive advanced weapons systems that are being projected for the Pentagon. It may be that all of those are very necessary and fit with a very sophisticated strategy that protects our national security. It may be that they don't. With respect to tax policy, I would offer the suggestion that people on the upper end of the income and wealth spectrum should probably contribute more and might actually be willing to contribute more. With respect to dialogue with China, I think this is very important. Whether it takes exactly the same form that we've had in the past is -- I think the next president will look at along with a lot of other things. The one consideration is that if you have a high-level dialogue that you term strategic it should remain strategic, it shouldn't become the venue for solving a lot of little problems that should be resolved at a lower level. I think we should keep in mind that the drivers for our economic imbalance are policy problems within each system and that China will need to work

on rebuilding its social safety net, dealing with its own tax policy, and unless it makes improvements there and is committed to doing it, which it should for its own good, we're not going to be able to work out of the problems that we have with them.

MR. O'HANLON: Thank you everyone. Thanks for coming. And happy election day.

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CERTIFICATE OF NOTARY PUBLIC

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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in and for the
Commonwealth of Virginia
My Commission Expires:
November 30, 2008