

THE BROOKINGS INSTITUTION

MEMO TO THE PRESIDENT: LEAD WITH CONFIDENCE

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Welcome and Introduction:

STROBE TALBOTT, President
The Brookings Institution

Panel One:

JOHN F. HARRIS, Editor-in-Chief
Politico, Moderator

LEON PANETTA, Director
The Leon & Sylvia Panetta Institute for
Public Policy;
Former White House Chief of Staff to
President Bill Clinton

KENNETH DUBERSTEIN, Chairman and CEO
The Duberstein Group;
Former White House Chief of Staff to
President Ronald Reagan

Panel Two:

DARRELL WEST, Vice President
Governance Studies
The Brookings Institution

STEPHEN HESS, Senior Fellow Emeritus
The Brookings Institution

TERRY EDMONDS, Associate Vice President
Columbia University;
Former Director of Speechwriting for
President Bill Clinton

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P R O C E E D I N G S

MR. TALBOTT: I was going to start with an observation or two and then introduce some people well known to you. American politics as we all know has a way of generating both light and heat. It also generates clichés, and I've noticed half a dozen times just in the last couple of days how we're constantly being told that we have now entered what's known in shorthand as the Robert Redford Moment of this extraordinary, epic presidential year. Even people too young to have seen "The Candidate" when it came out, which by the way was 38 years ago so that includes quite a few of you, it also includes a lot of voters who were so crucial last Tuesday, pretty much everybody knows what the last line of that movie was, "What do we do now?" So welcome to Brookings, and we've got some folks to answer that question.

Our Transition Project grows out of what has been a signature activity of Brookings for quite some time now, and that's Opportunity 08 which has been going on almost as long as the campaign itself, i.e., it seems like it's been going on for about a decade. But in any event, our effort over these last 20 months has been to provide fresh ideas both to the electorate and also to the candidates through forums that we've held around the country including in six battleground states. Starting today we're going to be putting out a series of a dozen Memos to

the President beginning with memos on the issues of governance and climate change.

As part of the launch of our Transition Project we have two excellent panels for you this morning, and just a quick word on the participants. We've been reminded by the headlines in today's paper about the importance of the position of White House Chief of Staff. We have two former chiefs of staff of great distinction with us on our panel. Ken Duberstein who is a trustee of this institution and was also the co-chair along with Tom Donilon of our Opportunity 08 Project. Ken worked tirelessly to create the Advisory Council for Opportunity 08, to line up authors and speakers, and to make sure that we kept the focus on the right questions. He was as I think all of you know President Reagan's chief of staff and also managed the transition from the Reagan Administration to the George Herbert Walker Bush Administration.

Leon Panetta, an old friend to many of us and a boss to some of us, was the chief of staff of the White House in the Clinton Administration. He also served with great distinction in the U.S. Congress, and was of course head of the Office of OMB. And he is now the Director of the Panetta Institute for Public Policy.

The second panel will have as its moderator Darrell West who is the Director and Vice President in charge of our Governance

Studies Program here at Brookings. He is the author of the first memo that we will be releasing as part of our Transition Project and essentially he's going to address the question of how President Obama might be able to do what he vowed he would do during the campaign and also during his victory speech in Grant Park, and that is to bring a polarized electorate together as a unified citizenry.

Steve Hess, another colleague and Senior Fellow here at Brookings, will be on the second panel as well. He is an expert on transitions. He is the author of a new book that essentially poses and attempts to answer in some ways the Redford question, and, by the way, that book is being published today and Steve will be available to sign copies after the program.

We're also honored to have with us Terry Edmonds who was director of speechwriting for President Clinton and is now at Columbia University.

Now to your moderator for the first panel, John Harris, former star reporter and editor of the *Washington Post* and currently the executive editor of the *Politico*. He is also the co-author with Mark Halperin of *The Way to Win: Clinton, Bush, Rove and How to Take the White House in 2008*. I might add that John is also a Brookings alumnus,

having been a Writer in Residence here. Welcome back, John, and over to you.

MR. HARRIS: Thank you very much, Strobe. It is good to be back in my old haunt and many friends at Brookings, and as Strobe said, I spent several months here working on a book about Bill Clinton. I also want to thank Brookings. We're at *Politico* doing a number of things in collaboration to try to illuminate the important issues in the transition, including a -- we did the other day with Darrell West and a number of Brookings scholars may be appearing on our pages. We agree like Brookings that this is a really critical period and it's going to tell us a lot about governance and the choices in the next 4 years.

Leon, I have been amused to watch the news that our old friend Rahm Emanuel is going to be new White House chief of staff. All the stories are bringing out the old anecdotes about the time he sent the dead fish to political consultant who did him wrong, and I know he's a much more wise and mature figure now than he was then. I did find it interesting that one of his first moves as chief of staff was to sign a service contract with Slavin and Sons, the seafood wholesalers. I don't know if there's any kind of message in that. Tell us what you know about Rahm and whether you think that's a good choice, and broaden it and tell us

what the last 72 hours since the election have told us about Barack Obama and what kind of transition's going to run.

MR. PANETTA: First of all, thank you for inviting me here. It's always nice to be at Brookings and see my old friend Strobe and many of you. John and Ken, nice to be able to do this with all of you.

I think there is no question the most important thing for this president particularly with the number of crises that are facing this country, he has to put a White House team in place very early, and he has been doing that obviously with the appointment of Rahm as chief of staff, and hopefully he'll get a national security adviser in place as well as some of the other top positions.

This was not always the case. In the past sometimes the focus was on the cabinet positions, the White House came in last, and it really did not provide the kind of support team that a president needs to have in place in order to make the right personnel decisions, the right cabinet decisions, and the right policy decisions. So my impression is that the president-elect is taking the right steps, focusing on the White House, getting that done. Hopefully the next step will be to put an economic team in place early because of the importance of transitioning now on economic issues. This is an unusual situation where the President of the United States not only is facing huge deficits and an economy in recession but

has a \$700 billion rescue plan which puts the president right in the middle of running the banks and the credit systems in this country. So there's clearly got to be a transition there. And the other thing is the national security team. We've got two wars, the war on terror and it's really important not to have a gap there. My sense is that they understand that and that's the direction they're moving in, and I commend them for doing that. That's really important.

On Rahm, Rahm is about as close to an Italian as you can get, so therefore I have great sympathy for Rahm. He worked for me when I was chief of staff. He is very disciplined. He is a very hard worker. When you told him to get something done he did it. He ran the campaign to pass NAFTA. He ran the campaign to deal with welfare reform. He did all of the crime initiatives that the president did. And when you told him to do it, he would do it. He would get the event done. He would invite the right people. He was just very well organized.

He knows the White House inside and out and obviously now knows Capitol Hill. So he has really all of the basic qualities you need to be a great chief of staff. As I told the president-elect and have told others, part of the job description is that you have to be an SOB as chief of staff. You've got to have somebody who makes the tough decisions. And he is the guy to do that in the administration. The

president is going to have to make enough decisions to deal with things, but there are decisions that the president ought not make that the chief of staff should make and my sense is that Rahm will be able to do that.

On Capitol Hill he was a Democrat. He was going to work with the Democratic leadership. Of course he's going to be partisan on Capitol Hill. But I have to also tell you that despite some of the criticisms that have come out, Rahm Emanuel is basically a centrist. He is somebody who really does understand where the party needs to be in dealing with the center, and do that extent I think he will be a very good representative as chief of staff for this president.

MR. HARRIS: When I was at the "Washington Post" and Rahm was in the White House, we'd talk often and I remember one time I was in mid-sentence asking a question and Rahm just sputtered I can't put with this expletive deleted idiocy, hung up mid-sentence. So I feel like the SOB threshold, he's going to clear that.

MR. DUBERSTEIN: Does that mean that Leon and I are the kinder, gentler team?

MR. PANETTA: We just did it with a smile.

MR. DUBERSTEIN: Right.

MR. HARRIS: Ken, I want to follow on Leon's points. It's a cliché, one president at a time and that's true. On the other hand, you've

got markets desperate for signals about what the administration's intentions are. The 9/11 Commission 4 years ago pointed to the transition as a moment of vulnerability where adversaries including terrorists might try to test the nation. How does Barack Obama manage the special circumstances of this transition where he's not in charge and yet there is some degree or an expectation that he'll be de facto governing the country?

MR. DUBERSTEIN: John, thank you. As Leon said, it's an honor to be back at Brookings and to be with Strobe and to have had the opportunity to lead or co-chair Opportunity 08. I think we had an absolutely fascinating 18 months and Brookings made a real contribution.

Thinking about Rahm, and I'll come back to the rest of your question, Rahm right now is taller than Leon and I, but now for long. Let that sink in for a second. You really have to be the person who says no. You have to be the person who walks into the Oval Office and says I don't care what you've heard. This is my judgment and this is why. And you're the one who more than anybody else has to bring the president the news that he needs to know and not that he wants to know. I happen to think that Rahm is exceptionally well qualified for that job. He will run a White House staff that is very disciplined, but his challenge will be with the president reaching out and building coalitions in the Hill. Saying no to

some of the president-elect's most important constituencies. Keeping everybody disciplined and on message.

One of the things that has impressed me in these last 48 hours is in fact the systematic way that President-elect Obama seems to be going about things. I think the selection of a White House chief of staff was one of his top if not his top priorities and it sends a message here and abroad that this president-elect is all about governing and not campaigning. This is about how am I going to be effective and get things done.

Number two, he has made it clear and he's making clear again today that economic recovery is on the top of the heap as far as his priorities. The campaign talked about a lot of different issues, but what was telling in this campaign, the economy, and the opportunity he has to lead in American revival of the economy is something that I think is critically important and he's focusing on his meetings today with an economic outside team as he brings the job of filling the rest of the White House staff as Leon suggested and then probably the economic team and the rest of the cabinet. That's what America is looking for right now, but America is also looking for the ability to govern and to reach out and to work not only with friends, but also with adversaries, to listen to the other points of view and I think that was what President-elect Obama at least

had signaled in that speech in Grant Park the other night. And, yes, I agree with Leon as partisan as Rahm may have been on the Hill, he's all about governing. And remember any time Rahm opens up his mouth now, the voice everybody will hear is the voice of the president-elect and the president and not Rahm. So whether he speaks with an Italian accent or a Jewish accent, it's going to be Barack Obama talking.

MR. PANETTA: In either language there will be four-letter words.

MR. DUBERSTEIN: Right. Exactly. And sometimes that helps. I'll leave it there.

MR. HARRIS: Leon, Ken mentioned friends and adversaries, and as I call, Bill Clinton's transition in 1992 and the early part of 1993, it was his friends in Washington who were causing him more heartache than his adversaries. You'll recall that the special-interest groups that were so excited about having a Democratic president were making lots of demands, public demands, and at one point Bill Clinton had to complain about the bean counters who were saying that his cabinet wasn't diverse enough even though it was quite diverse. Do you think it makes sense for President-elect Obama to use this period to throw a brush-back pitch to Democrats on the Hill, to special interests in this city,

to say remember, I'm in charge and not everybody is going to get everything they want right away?

MR. PANETTA: I do think it's important for a president to lower expectations. There are a tremendous amount of expectations out there as a result of his election and a lot of promises were made during the campaign. But the reality is that he walks into the Oval Office as I said and faces the largest deficit in the history of the country, approaching a trillion dollars if not more, plus obviously a very deep economic recession. So just by the very nature of the challenges that he will confront, he's going to have to set priorities and determine what's the most important thing to face.

The key here is that he has to do it in a way that maintains the trust of the American people in his presidency and that's really a very important key. I think to some extent George Bush's failing in these last few years is that he did not maintain that trust with the American people and kind of took it for granted, felt he really didn't have to be accountable to the American people, never really spoke to them the truth of the challenges that were facing this country.

If a president is going to be successful, the president has to not only set the vision about where he wants to take the country, but he also has to be very truthful about the challenges that this country has to

confront, the sacrifices that are going to have to be made, and the tough decisions that are involved in trying to deal with the problems facing this country. If he can do that and bring the American people along, he can be very effective.

Let me use Ronald Reagan as an example. Ronald Reagan had a tremendous ability to communicate with the American people and bring them along. When he spoke to the American people, I was a member of Congress at the time, he spoke to the American people that he wanted something done, whether I agreed or disagreed with him, my phones were ringing off the hook.

MR. DUBERSTEIN: That's the way it was supposed to be.

MR. PANETTA: And the result was that he always had the American people as a support system for his presidency not only helping to unify the people, but putting to work the most powerful weapon a president can have which is the voice of the people. So what I would say for Barack Obama is be very straight with the American people, be very honest with them about the challenges, make very clear that there are limitations here, and if you're honest up front then I think people will accept the fact that you have to set priorities.

MR. HARRIS: Ken's got a follow-up point on that, and before he makes it I want to tell the audience that we are going to go to

questions. In fact, I think I'd like to do it after Ken's remarks now. Ken, I know you've got something to say. I wonder if at the same time you could answer a question I've got about Leon's comment because there are two theories of how to run the first year that I know of. One says as a new president you will never have more political leverage, do something hard and big right away even if it divides people. And there's another theory, and I think people looking back in retrospect said Bill Clinton would have been better if he had done this, go steady, slow, don't swing for the fences in the first year, build up an accumulation of trust and credibility with the public at large, and then if you do that, then you'll have the political capital year two, three, four, to do the big things. So I'd be curious what you think of those two schools of power, and I know you also have some comments specifically to what Leon said.

MR. DUBERSTEIN: Let me address Leon's comments. Ronald Reagan was often accused of being the best lobbyist in the world. He would twist arms anytime anybody came into the Oval Office. And Ronald Reagan's response was, "No, the second best. The best lobbyist in the world is the person back home in the congressional district who votes in your district and my job is to make sure that the American people understand what I want and put pressure on Leon Panetta or others in the Congress." That's what the role of the president is all about. It is the

ability to cajole, to lead, to prioritize, to explain, to encourage the citizens to in fact put pressure on their elective representatives. That's why I think Reagan starting in transition in 1980, and I think the Reagan model is something that is being used by the Obama transition team, focused very much on figuring out what was the major priority he wanted to focus on in the first 6 months of his presidency.

Remember we were recovering from the economic times under Jimmy Carter and so Ronald Reagan even during transition started talking about an economic recovery package. And he dispatched people like me to go to Capitol Hill to talk not simply with the Republicans, but more fundamentally with Democrats in the House then controlled by Tip O'Neill to see if we could find allies even with a "D" on their foreheads who could start putting together a coalition around economic recovery. And if we could win big in the initial months, that would provide us more chips for the fight ahead. So we banked everything on the big economic recovery package, but it was being created and worked on and added to by the then Boll Weevils, the now Blue Dog Democrats, so that on that first major vote of the Reagan years we had every Republican, but we had 63 Democrats. That was what governing was all about. That's the coalition building that in fact a president has to undertake. But it started back in transition by prioritizing, by putting the right people in place, the mix of old

Washington hands and some people from California. It meant prioritizing and saying we have lots of priorities, but number one, why I was elected was to rebuild our economy, put together an economic recovery package, and that's what Ronald Reagan focused on and focused the country on and focused the people on Capitol Hill on.

MR. PANETTA: John, if I could just add a couple of comments. Obviously you don't want to start off with the wrong issues. I remember Jimmy Carter when he came in went after water projects and started eliminating water projects on Capitol Hill. I remember Mo Udall coming up to me and saying, "What the hell is going on?" Nobody would talk to him. Nobody in any way advised him that this was going to happen. And suddenly this was taking place and it was the wrong issue and people really were very embittered by what happened. Bill Clinton had gays in the military and that was clearly, whether you agree or disagree with the issue, the wrong issue to kind of kick off at the beginning. So it's really important to focus on what is that most important issue, and there is no question for this president the most important issue is the economy. The economy is going to be in deep recession whether the lame duck session passes a stimulus plan or not, the likelihood is probably not, but regardless, this president has to put his stamp on the economy. That's first and foremost. That's where he's got to put his effort

into, and he's got to be successful at that. If he's successful at that, at getting something done with regard to the economy, then he gains the credibility to be able to then work on other issues.

MR. HARRIS: There were some hands, and as Ken is talking I'll point to people as he's making his point.

MR. DUBERSTEIN: One of the things that we studied in 1980 was the transition of 1976 where Jimmy Carter fundamentally on water projects but also his relations with the Democratic leadership and Tip O'Neill. We also studied the fact that he had said this is a priority, this, this, this, and this, and the Reagan answer was, no, we're going to focus the country on one major priority. They may add some subparts to it, but everything we do is going to be about economic recovery and that's why the American people understand that's what means the most to me and most to them. So it is a totally different way of governing, of saying this is the priority and everybody else get in line, including some of your strongest supporters saying, no, not yet.

MR. HARRIS: Yes, ma'am, back there.

QUESTION: Thank you and good morning. I'm curious. You mentioned getting in line and the focus being purely on the economy, but just before the election we heard people questioning what other sideline issues will come into the larger focus, whether it was climate

change or health care. I was wondering if you could comment on those issues and how they might play into the immediate policy decisions of the administration.

MR. PANETTA: The focus has to be on that first 100 days and what are you really going to look at. I guess my recommendations, as we pointed out, number one, is the economy and a stimulus package of some kind to go right at the economy and put this president's stamp on what's happening economically in this country. Secondly, I do think it's really important for the president obviously to reach out to the international world and reestablish relations with the world and reintroduce the United States to the rest of the world, reaffirm our alliances, listen to people aboard, and in conjunction with that, obviously focus on setting some kind of strategy for Iraq and hopefully General Petraeus can help in that effort to lay out a clear path as to where we're going with Iraq and perhaps even try to begin the Middle East process again. Those are some things I think the president can do at the same time he's focusing on domestic issues.

The third area that I would focus on probably is the energy issue because I think that relates to our security issues, it relates to our planet, but most importantly from a budget point of view, it can produce some additional revenue that the president is going to need in order to deal with other issues.

The last point I would make, and I'm biased here, I recognize in the short-term that the deficit is likely to go up in terms of dealing with the problems of the economy, but the worst thing that this administration could do is to continue another 4 years of borrow and spend like we've seen over the last 8 years and to dig that hole even deeper. So part of the effort it seems to me is to develop a long-term budget over the next 4 to 5 years that makes clear to this country that we're going to restore some degree of fiscal discipline and that we're going to try to provide some control on spending, provide some of the revenue and tax reform that has to be done in order to develop that long-term path. All of that it seems to me is very important. Health care, a lot of other issues, immigration, et cetera, those have to line up out there. These are the most important areas to address in those first 100 days.

MR. DUBERSTEIN: I want to echo virtually all of what Leon said expect to extend the timeframe. I think it's very difficult in the first 100 days, so I would say the first 200 days. It may turn out that way. And knowing Washington, nothing gets done quite as quickly as we always want, so let's say 200 days. You can walk and chew gum at the same time, but you have to focus on walking first, and that's the economy. That's why Barack Obama in my judgment won, the economy is the number-one issue and fixing it. Look at every poll, every exit poll, that's

what it's all about. If in fact you then get the energy, the environment, health care, budget, entitlements, et cetera, those are critically important, big issues, let alone all the foreign policy judgments and nuances that are going to come. But you have to focus on the priority which is economic recovery and then the other ones, assuming you're successful and America starts taking pride in itself again, then I think it starts making things a bit easier as you get into the tough issues coming up.

MR. HARRIS: I would just say as a reporter that's one of the questions I'm going to be watching, does Obama care about budget deficits because Paul Krugman, the *New York Times* columnist, Nobel Prizewinner, says he should disregard that, you're going to have to spend your way out of this crisis and don't worry about the Leon Panettas of the world or the Blue Dog Democrats, do what you need to do.

MR. DUBERSTEIN: But that's also one of the bridges to working in a bipartisan fashion, with the Blue Dogs, but by partisan with the Republicans as well.

MR. HARRIS: It sounds like we've got our next Brookings panel, Panetta versus Krugman. Yes, sir?

MR. MITCHELL: Gary Mitchell from the "Mitchell Report." I want to ask our two panelists, present company excepted, I'll come back to the question of chief of staff but not about Rahm Emanuel, present

company excepted, who do you think have been the most effective presidential chiefs of staff in the last four decades and why? What made them effective?

MR. DUBERSTEIN: Besides Leon Panetta, I would suggest Jim Baker who combined the talents of knowing the way around Washington and governing with an incredibly broad view of how to get things done and work with everybody, Republicans and Democrats alike. I worked for Jim. I was in charge of legislative affairs in the first term of President Reagan, and then ultimately succeeded him as chief of staff, but I think Jim is the hallmark not only of a superb White House chief of staff who had the absolute loyalty of Ronald Reagan and for the Reagan agenda, but also somebody who was one of the finest public servants that I know.

MR. PANETTA: I agree with that. The first person that I called when I became chief of staff was Jim Baker just to talk with him and get his advice on being Chief of Staff. I think the important ingredient -- I mean, you know, there are a lot of different models here for Chief of Staff, and the Presidents can sometimes vary particularly. You know, you could have triumvirates, you can have, you know, the Karl Roves of the world, along with the Andy Cards of the worlds, being part of the power group within the White House. But I really do think that the best model, the most

effective model is to have a strong Chief of Staff who is somebody who works directly with the President and then works directly with the staff. You need to have a chain of command in the White House. That's the best way to develop that chain of command, and Jim Baker obviously set that model, and a lot of that follow that.

MR. DUBERSTEIN: But he also understood that he was staff and the President and his Chief.

MR. HARRIS: We've got about 10 minutes more. I know Brookings is eager to keep on schedule this morning. So, I'd propose that we kind of go to the speed round in these remaining 10 with brisk questions. If you want, you can direct it to one or the other, or if you want them both to answer say so, but let's try to get as much conversation as we can in these remaining moments.

Do we have a hand up out there? Yes, ma'am, we've got the --

QUESTION: Ahu Ozyurt from CNN Turk. Mr. Duberstein, you mentioned that Rahm Emanuel's job will probably be to say no in the near future to certain policy proposals or pressures. Can you give us an example of what sort of things that may come along, like the other industry starts lobbying the Congress or the new bail-out plan. What sort of a

balance -- and, Mr. Panetta, you as well -- what sort of a balance should he find in terms of the legislative branch and the executive branch?

MR. HARRIS: Good question.

MR. DUBERSTEIN: There are a lot of issues that come to the chief of staff's desk. Some obviously belong down the hallway in the Oval Office. But if you can solve it before it gets to the Oval Office, you need to do that. There are an awful lot of demands on the President's time, which is a most precious commodity, and you have to be willing to say no even if it's some very, very powerful interests in the Congress or in the private sector. That's what I'm talking about.

As an aside, you know, during the campaign, there was at least one TV ad during the primaries about who do you trust to answer the phone at 3 o'clock in the morning. The reality is the President doesn't answer the phone at 3 o'clock in the morning. It's the Chief of Staff. So, the question is do you trust Rahm to answer the phone at 3 o'clock in the morning. My answer -- and I think Leon's answer is yes, but it will be an interesting first time.

MR. PANETTA: Yeah, just a small story. I told this to Ken before, but soon after I became Chief of Staff, 3 o'clock in the morning I get a call from the Secret Service that -- and, you know, you suddenly wake up and it's the Secret Service and it's never a good call, obviously,

and they said, Mr. Panetta, we hate to wake you but a small plane just went into the White House and I went ah -- God, I sort of well, was it a -- was it a 747, what -- and, you know, he said no, it was small plane, it went into the White House. I said well, was this an attempt on the President's life? You know, have you checked the plane? Are there explosives in it? Is this a terrorist attack of some kind? And there was this pause, and he said well, according to CNN news -- does that answer your question?

MR. HARRIS: Here we go. Yes, ma'am.

MR. DUBERSTEIN: Does that you answer your question now?

QUESTION: I'd like to cut to the chase here and get to some issues that deal with the economy. Now, Mr. Cutner, Robert Cutner, wrote a book in the last several months, and he's traced tax policy between the Republican administrations of Bush, the two -- Bush No. 1 and Bush No. 2 -- and the Clinton administration, and I found it to be a very interesting book, although I do not confess to be an economist, and I found that it was very convincing -- the statistical matter -- and it indicated that under the Bushes there was a change, and the change was toward the rich being taxed less and the poor being taxed more. So, I'd like you, sir, to address it and, you, sir. Is that true? And what evidence do you have and who -- what would the Democrats do in reality -- not the little

cards they hand out to people when they go on canvassing, you know, routines -- but what's going to happen? Thank you.

MR. HARRIS: Leon, you want to lead the way on that?

MR. PANETTA: Well, you know, I don't think there's any question that that was the result of the, you know, the huge tax cut package that was done early on in the administration -- was that it clearly favored people at the upper income brackets, and, you know, people at the lower income brackets, even though, you know, their taxes weren't -- were obviously -- some of them didn't pay taxes, but the problem was that in that interim in terms of the quality of life and what people were earning that their earnings were going down and obviously those at the top end, their earnings were going up, and so there was a greater division between -- and we were losing that middle class that's so important to this country during that period.

Now, contrary -- contrary to George Bush and his approach - - and again I refer to Reagan -- Reagan passed the tax cut package. But then as the deficit ballooned and people started arguing that, you know, we had to be very careful about, you know, how we balanced the burden, what he then did was he moved to implement tax reform where he simplified the tax system, reduced the tax brackets and at the same time raised taxes. Ronald raised taxes three times.

MR. DUBERSTEIN: They were called revenue enhancers.

MR. PANETTA: Yeah, revenue enhancers. And one of those times was after the '87 crash and we had to basically come together to make sure that we were dealing with the deficit that was going up at the time. But Ronald Reagan was willing to do that. George Bush was never willing to make that correction. And I think that was a serious mistake. But will Democrats do it? I think Democrats obviously -- in the short term - - look, you know, they've got to be careful about raising taxes that could, you know, be a very controversial issue on Capitol Hill. So, in the short term, no, they're going to provide tax cuts, they're going to provide tax credits. But in the long term, if they're going to put this kind of budget that I'm talking about together, they have got to implement some more balanced approach to our tax system, implement tax reform, and begin to restore fairness with regards to that system.

MR. HARRIS: Ken, do you want to take a whack at that?

Only one more question (inaudible).

MR. BROWN: Leon I think would agree that that's not going to take place in the next six months.

MR. PANETTA: No, no, that's right.

MR. DUBERSTEIN: That this is about economic recovery. Fixing the tax system is going to be a priority for the first term.

MR. PANETTA: Right.

MR. HARRIS: Yes, sir, and we'll make this our last question. I know there's a lot more, but we've got to keep on schedule.

MR. KEYES: Alan Keys, C&O Resources. I wonder if you'd comment, please, on a strong White House staff versus a strong cabinet, particularly in international affairs and national security issues.

MR. DUBERSTEIN: You know, there's an old rule that proximity counts. This is a government -- it has been dominated by White House staff. The whole idea of cabinet government is a nice thing for the political scientists, and some really work when you have the Secretary of State, Secretary of Defense, Attorney General, Secretary of the Treasury - - sometimes -- but the reality is that the White House staff is there in the Oval, there in the Cabinet Room, there in the Roosevelt Room working with the President so many hours every day. Yes, the cabinet has an input, yes a cabinet officer does, but it's the White House Staff, starting with Chief of Staff and then going out, that really has the ear of the President of the United States. That's the way it works.

MR. PANETTA: Now, over the last 30 years there really has been a transition of power from the cabinet to White House staff. Probably the biggest example of that is National Security Advisor. The National Security Advisor really has become the lead point person with

regards to foreign policy, largely because of proximity, like -- I mean, the President needs to know immediately that person's in the oval office. The Secretary of State may be abroad. God knows where the Secretary of State may be. Ultimately you do try to coordinate with the Secretary of State, but it's that National Security Advisor who's there, who's making recommendations, and you're basically doing -- you know, following that. It's true for other White House staff as well. The cabinet, unfortunately, has become kind of a photo op for the President in the cabinet room. I had to spend time as Chief of Staff briefing the Cabinet to make sure that they felt they were part of the team. I don't think that's necessarily the Chief of Staff's role, but that's the role you had to assume.

Ultimately, look, there's going to have to be some kind of restructuring here. Probably it's going to take -- and this is really long term -- but it's going to take some kind -- you've got 15 departments, for God's sakes, in this country. You've got to be able to reduce those number of departments, make them much more relevant to what's happening in the 21st century, reduce the number of members of the cabinet, and make them much more a part of the President's team. Hopefully, that's the kind of reform that ultimately can take place.

MR. DUBERSTEIN: And the concern, certainly, that we had -- and we did the same thing as far as me reaching out to the Cabinet and

briefing them and having meetings -- is that too often Cabinet secretaries get captured by the interest groups and the bureaucracies that dominate that Cabinet, the Cabinet agency, and so within 12 or 18 months they are representative of their bureaucracy, their interest groups, to the White House and not necessarily the President's representative to the Cabinet.

MR. HARRIS: Right.

Hey, I think we'd better wrap up to keep on schedule.

There's another panel coming up. Thank you, Leon Panetta and Ken Duberstein.

MR. DUBERSTEIN: Thank you.

MR. HARRIS: I think if we'd asked people -- I think if we'd asked Washington people around your question who are the best, both these guys would be at the top of the list with Jim Baker, so we really, really appreciate all the wisdom and good remarks.

MR. DUBERSTEIN: Thank you.

MR. PANETTA: Thank you.

MR. WEST: Okay, why don't we get going.

I am Darrell West of the Governance Studies Program at Brookings, and I want to thank Ken Duberstein -- Steve, please have a seat -- Leon Panetta, and John Harris for their thoughtful comments. I

agree with them. It was an amazing election, and now it's looking like it's going to be an equally fascinating transition.

Now, remember, on election night I was on the roof of the Hey Adams Hotel getting ready to a live satellite interview with an Australian television network when Obama was projected as our new President, and below us there was this huge crowd that had gathered in front of the White House. They started cheering and yelling and honking their horns, and, you know, frankly, I had not seen that much excitement since the Boston Red Sox won the World Series a couple years ago. It was just an amazing outpouring of emotion. But I think, you know, it really captured the sentiment that people had at that particular time.

We now are in the transition stage, and our panel wants to focus on how this transition is going to go, what we should look for, and what advice we want to give our next President.

We have two distinguished speakers with us. On my right is my colleague Stephen Hess, who is a Senior Fellow Emeritus at Brookings. He is the author of 15 books covering everything from the media and the presidency to presidential transitions. He's a veteran of several past administrations. He served on the White Staffs of Presidents Eisenhower and Nixon and also advised Presidents Ford and Carter. He's been involved, in some capacity, in virtually every transition since Dwight

Eisenhower. His most recent book is *What Do We Do Now?* -- available for purchase at the back of the auditorium at the end of this event. Steve is very shy about promoting his own book, so I agreed to do this on his behalf, but I want to tell you it is a terrific read. It's one of those books that once you pick it up and start reading it you are not going to be able to put it down. You will go all the way through that book, because it's just filled with great information, anecdotes from past presidential transitions and just good, solid concrete advice to our next President.

On my other side is our other panelist, Terry Edmonds. And Terry was the director of the Clinton Speechwriting Office. He was responsible in that position for all of the Presidents' domestic policy speeches and the State of the Union addresses. He had a long career of service in public affairs, served in the Department of Health and Human Services, as well as various positions on Capitol Hill. Currently, he is the Associate Vice President and Editorial Director at Columbia University.

Now, before we get to Steve and Terry, I'd like to start with just a few observations on the challenges facing President-elect Obama.

I think his biggest problem right now is unrealistic expectations. I remember at the Al Smith dinner a few weeks ago, Obama joked about being Superman, but the problem he faces is that there are too many people in the United States, as well as around the world, who

actually see him that way and expect him to perform miracles. Now, he is an individual who has extraordinary leadership and communications ability, but he also is taking office at the time of our most challenging transition since the great depression. We lost 200,000 in the last month alone. The federal budget deficit, as Leon was pointing out, is probably going to approach one trillion dollars. We're in the middle of two wars. More than three-quarters of Americans now feel our country is headed in the wrong direction, and public confidence has reached an all-time low. And so my sense is that Obama needs to be a pragmatic and realistic leader who focuses very clearly on a few priorities that he can accomplish. I mean, we do have a Democratic President, a Democratic House, and a Democratic Senate, but I want to remind people we had exactly the same situation in 1993 and '94, and President Clinton was unable to get a single vote on health care reform, which was the centerpiece of his domestic agenda. President Carter faced some of those same problems in the 1970s, so I don't think anyone should feel complacent about the ability to get things done because Democrats have big majorities, because it still is going to be very difficult, very challenging to get Congress to pass legislation that needs to be passed.

For years, our political system has been stalemated along issues such as immigration, health care reform, climate change, social

security, and trade. There's been extensive political polarization that has turned our politics into shouting matches, and so at the beginning of his administration, I think Obama needs to focus on measures where he can secure bipartisan support and start to rebuild public confidence in government. This is what Ken was referring to, I guess, as the Reagan model.

I think he can start to do that with a new economic stimulus package. The economy clearly is going to be the 800-pound gorilla in the next six to nine months. He really has to focus on that. I think there will be a bipartisan consensus to move forward. The economic stimulus package may be a way for him to insert a few other priorities.

Ken was talking about how you could have one package but then a few subpackages within that package and take advantage of the initial momentum -- any administration has the honeymoon period -- and really get several of your legislative priorities enacted at that time.

I think there are going to be bipartisan majorities on a few other issues that he will be able to move in that first year. Public funding of stem cell research is an issue the Democrats like, and a number of Republicans also support expansion of the state children's health insurance program. That's legislation that already passed Congress. It was vetoed by President Bush. It's likely to come back and pass the

Obama administration. And new subsidies for alternative energy development -- that's something that Republicans and Democrats equally are able to pass.

I think the tricky issue for him is going to be that middle-class tax cut that he talked about so much during the campaign. There's kind of a myth in Washington and elsewhere that campaign promises don't matter. You know, you can kind of say things during the campaign, nobody really takes them seriously, you become President, and you can go on and do what you want. I don't think that really is the case. I mean, I think President Clinton actually suffered in 1993 because he had talked about a middle-class tax cut, made that central to his '92 campaign but because of the budget situation was not able to follow through on that, and I think he paid a political price for that. I think at some point Obama does need to deliver on that middle-class tax cut. That is going to be tricky, because we are facing this deficit, and there's going to be this big debate over whether, you know, Paul Krugman is right, deficits don't matter; it's facing a national emergency; spend, spend, spend; let's prime the pump; get the economy moving -- or whether, as Leon was suggesting on that first panel, deficits do matter, there needs to be fiscal discipline. I think there's going to be a lot of discussion about that. That is going to be a

hard issue for President-elect Obama, but it's going to be something he needs to figure out how to work on that.

The last thing I want to point out is I think technology will be a big focus in this administration. I think that 2008 was our first digital election in the same way that 1960 was our first television election. Obama democratized campaign fundraising through the internet, raised almost \$650 million. He used social networking websites to identify and mobilize supporters. Now he needs to bring that same sense of innovation to government.

He actually has already set up a new website called change.gov, which is his official transition website. I recommend you take a look at it. It's a very innovative site from a technology standpoint but also innovative in terms of what it tells us about what is going to be his approach to governance. It's a very interactive site. There are blogs. You can apply for jobs if anybody here is looking for something. There are ways in which he is getting people to register for information, and then he's going to be proactive about sending information out. Like, if you're really interested in immigration, you know, this is what the administration is going to do on that. Or if your issue is health care. So, I think we're going to see some very interesting things. We know from the private sector experience that technology can be a game changer. It can improve

transparency, accountability, and responsiveness. And I think in this fiscal environment, we're going to need all of the productivity enhancements that we can get.

What I'd like to do now is turn the floor over first to Steve and then to Terry.

Steve, you literally wrote the book on presidential transitions. What advice would you give to President-elect Obama?

MR. HESS: Well, first I really do want to thank Strobe and Bill and Phyllis for encouraging me to write a book which is probably the most unlikely book that Brookings has ever published. In fact, one of the reviews last week called it uncommonly unpretentious. Since it's the 12th Brookings book I've written, I worry about the first 11, but I will accept it, particularly since the author is in the audience, as a compliment, and say a few words quickly about the book and the good feeling in part that I have about how the President-elect is doing.

The subtitle of the book is *A Workbook for the President-Elect*. And it's a literary conceit in which I pretend that I'm writing a workbook like your kids would get in grade-school for the President-elect and if in fact he can do the worksheets, check off things, look things up, he can get from the election to the inauguration as painlessly and making as few mistakes as possible with sort of case histories along the way where

others fell off the track. It's clear to me, for example, that even if he didn't read the book, surely Podesta, the fellow who wrote the plan, knew exactly what I might have written, and indeed it is -- start by setting your priorities in a funny way. What I do is okay, Mr. President-elect, write down your five promises and what the priorities are of those. That's seems awfully juvenile, but of course if Bill Clinton had done that little exercise, clearly he wouldn't have started with gays in the military and a campaign where of course the most important question was is the economy stupid.

Then as you move on to picking the White House staff, rather than a cabinet again, with the Chief of Staff first. The only one that I suggest really should have been lined up even before you're elected, and then move on to about five other positions -- Leon talked about this -- the positions you need to pick the rest of government, which of course is personnel people, the lawyers who are going to vet the things, the press secretaries who are going to announce them, the congressional relations people who are trying to get them through Congress.

Then as you move on to the cabinet, particularly a cabinet that looks just like the future cabinet in the way that Bill Clinton set the bowl -- and that's a cabinet that looks like America -- you're going to have to figure out where the talent comes from. And so all of these jobs not

only talk to the order you pick them in but also where you're likely to find people and what the qualities you should be looking for.

And then, finally, up to actually writing the inaugural speech, what I think this time will be incredibly important. This will be a we-have-nothing-to-fear-but-fear-itself speech in fact.

Well, that takes a heap of doing, and I think if the President-elect had an hour to read that, the one thing he would come away with is a feeling of hey, I've got a lot of work to do, and in the meantime there are going to be a lot of folks, particularly in the press and otherwise, who are telling them other things he should be doing. Watch out for that. These are the things that you have to be doing to have your people and your policies in place to get started. They are difficult times.

We had an election on Tuesday. On Wednesday the commentary was all about the election. Yesterday the switch turned and we started to talk about the transition and the calls kept coming in. The three calls that I got most often -- so I guess it's either most on people's minds or the ones they think maybe I have more to say about than others -- were first of all this question of how do the President-elect and the President-in-place deal with each other, the handoff, if you will, and a lot of comment there disturbed me more than anything else I have probably heard. The mantra really has to be we have one President at a time. I

mean, that's constitutionally in place. Of course, the President-elect has to move the proper -- get the proper job -- the people in the proper place in the proper jobs as quickly as possible. And, by the way, I think this President-elect is going to do it faster than in the past. I'm very impressed by what I hear going on there. Now, when we get to the question of names, you may raise (inaudible) forget it. There the Ed Meese rule from the Reagan era has to hold, and that is simply people who know aren't talking and people who talk don't know. We're going to get a lot of names thrown out, and, frankly, we don't know.

But on the relationship of the incoming and outgoing President, clearly the incoming President has to have observers. He has to have people in place. He has to know what's going on. He has to get the information he can. That's it. The moment that that person sits down at the table and listens to somebody in Treasury say you know, I think we should bail out this way, and he says hey, that's a good idea, somebody rushes out and says Obama has just approved the Bush plan for bail out, this is the sort of thing that's going to happen. This is a city that we know moves things in that direction. There has to be distance, and I feel that strongly, by the way.

The second question was that I was -- that's been raised to me in the last day is the question of bipartisanship. I don't think I want to

mix up -- or any of us should -- bipartisanship with courtesy or cooperation or goodwill. It's a question in this case of personnel. Now -- and there's a lot of thrust for this President reaching out across the aisle to the other party. This is tricky business but important business in part because the President-elect himself has talked about it. There are many republicans who really are nonpartisan, have had nothing to do with partisan government, and when they're brought and if they're brought in it's perfectly fine to display their registration certificate. And that serves a purpose. I think, for example, John Kennedy picking Bob McNamara as Secretary of Defense. He was a Republican but had nothing to do with the Republican party. He was picked because he was the president of Ford Motor Company.

So, those -- there are -- there is that pool of talent out there. Occasionally there is a person that you need for a very special reason. Again, using the Kennedy example, I think he was very wise to pick Douglas Dillon, a Republican who had been, in the eyes of (inaudible) administration, as his Secretary of Treasury. Wall Street had the shakes with young Kennedy coming in, son of Joseph Kennedy and so forth. He picked a person that could calm them down, and that was useful. By the way, in the same way that he sent Henry Cabot Lodge to Vietnam as ambassador. Pretty shrewd move. Things blew up there. Wasn't it nice

to have a Republican as our ambassador at place? So there are moments when you can be shrewd enough to know how to use somebody from the opposition party. But the sort of talk we got -- I even had it on the News Hour with Jim Lehrer last night -- the names are very partisan members of the Senate, former members of the Senate. Be cautious, Mr. President-elect, about those appointments. The rule of thumb there is okay, if that's the best person that you can put in the job, put them in the job. But otherwise, what do you gain? He would gain a Republican who would meet -- almost immediately is thought of as a traitor in his own party, and we too often have reached that way. That's fearful.

The third sort of question that I started to get late in the day of course was about Rahm Emanuel. (Inaudible) I don't know him, I met him twice in my life -- both social occasions. We've heard from people who know him well. And most importantly, of course, the President-elect knows him well.

I can say a little as we got into it in the last conversation here about previous Chiefs of Staff, and, indeed, they do have to say no a lot. They -- to say no a lot, you don't have to be a son of a bitch. We had two people on the platform who clearly said no a lot and weren't sons of bitches. The person that they cited for their gold standard, Jim Baker, survived well enough to move on to even bigger and better things in life.

But there have been a collection of people who were almost professional sons of bitches. Some succeeded and some didn't succeed. Among the ones that succeeded I felt until a scandal brought him down was certainly the first one I knew -- Sherman Adams. He knew what he was doing. He was tough, and he was respected. Others -- John Sununu for example, H. R. Bob Halderman, for example. At some point, again giving who you are, your temperament, your personality, and exactly how you say no. You can build up enough opposition that you're not very useful to your President, and these people may have very short lives. We're going to see if he made the right choice or not, the President Elect made the right choice or not, but it certainly is, from what we read in the Style Section of the *Post* this morning, an interesting question mark and something I'm going to watch very carefully.

I do agree that, in terms of a resume, Rahm has the right qualities, he knows the White House, and that is the Executive Branch, and he knows the Congress, that's very good. The other things that can be sort of added on that a President needs, image and so forth and so on, you can turn to other people for. But to know what, where, there are banana peels along the way, along Pennsylvania Avenue, that you need a Chief of Staff who has been there, and to that I'm encouraged. So those

are the sorts of questions I've had in the first day of the transition world, we'll see what else comes from this audience.

SPEAKER: Okay. Thank you, Steve. We should point out that Obama already has kept his first major campaign promise, the puppy for the daughters, so you know, we have to give him credit for that. Terry, you are a veteran of the Clinton Administration, what advice would you offer to President Obama?

MR. EDMONDS: Well, first of all, thank you for inviting me here today. I want to thank Strobe Talbott and my good friend, Melissa Skolfield, who I worked with many years ago, and with Donna Shalala at HHS, thank you for the invitation to be here, and I'm very honored to be on this panel with Stephen Hess and with you, Darrell.

I just want to take a few moments to talk about the word transition in another context. I think that America has gone through a major transition with this campaign, with this election. A hundred and forty-five years after the end of slavery, 54 years after Brown vs. Board of Education, America has made a seismic shift sort of back to the future, back to the founding ideals of this country, and I think that's something that we need to take a moment to savor.

Of course, Barack Obama won't have the luxury of savoring this moment that much, but I think it's important that the American people

do take a moment to realize what we have done, which is really unthinkable, it was unthinkable in my life time, and it has now come to fruition. I'm reminded of the words of Langston Hughes when he said let America be America again. And in that poem, he talked about the enduring contradiction between the rhetoric and the reality of the American dream. I think we've taken a major stride towards blending those two. And so I think that we ought to take a moment to sort of – to think about that.

Having said that, we all know that campaigning is done in poetry and governing is done in pros, and so now the pros begins. And I think that Barack Obama will begin his administration with some strong qualities that he's demonstrated throughout the campaign, which are steadfastness, a consistent message, he's a great communicator, he may be the greatest communicator perhaps since Ronald Reagan and Bill Clinton, I should say.

And I think that the other thing is, you know, in most campaigns, there's a lot of fighting, people get fired, thrown under the bus, what have you. You know, what they say about Barack is no drama Obama, and I think that that's really important that you have a team that you can count on and that there's no fighting and leaking and all that other kind of thing that can really upset a President when he first starts out. Having said that,

I do have some concerns. I agree with Darrell when he said that, you know, he's going to begin with some really – some people are going to have unrealistic expectations about what he can accomplish, and they're going to expect instant miracles from him.

The other thing I would say is, and, you know, this may sound sacrilegious to a certain extent, but this country, we're in the age of 24 hour news cycle, and we've gone through two years of a grueling campaign. I think some people may have Obama fatigue, you know, and so, you know, just – I think that's something that he should consider.

Again, as Stephen mentioned, the next – his probably last poetic opportunity is going to be that Inaugural Address. And, you know, every time I hear Obama speak, I think how can he top it, you know. I mean the speech in Grant Park was an Inaugural Address to a certain extent. And I think that – but I know that the speech writers that he has, and I'm sure he, himself, they're starting to work on that Address as we speak. You know, when Bill Clinton took office, after 12 years of Reagan and four years of Bush, he needed to come out the gate with some inspiring message to the American people, and his message, as Obama's, was change, a renewal of the American promise. And, you know, he came out with the memorable line, there's nothing wrong with America

that can't be fixed with what's right with America. So that kind of optimistic view –

SPEAKER: Did you write that, by the way?

MR. EDMONDS: No, I did not, I did not write that. But that kind of optimistic view is going to be important to get the – to rally support for his administration. So having said that, I'll just turn it over to – back to you, Darrell.

MR. WEST: Okay. Thank you very much, Terry. Let's open the floor to any questions or comments you have. Just raise your hand and we'll try and get a microphone to you. We have a microphone coming right up here.

SPEAKER: I suffered, back in 1980, at the National Endowment for the Humanities, with two other girls –

MR. WEST: Actually, could you hold the microphone up?
Thank you.

SPEAKER: -- and I think we'd like to know, who do you think will be the next head of the National Endowment for the Humanities under President Obama?

MR. WEST: You got me on that one. Do you have any thoughts?

SPEAKER: Who's the present head of it?

SPEAKER: What, who was the President in 1980?

SPEAKER: Who is the present head of – right now, who is the head of the National Endowment?

SPEAKER: I have no idea.

SPEAKER: Then why would I know who the next one will be?

SPEAKER: Because it will be a democrat and I'm addressing my question to Terry.

MR. EDMONDS: Oh, you're asking me.

SPEAKER: Yes.

MR. EDMONDS: I have no idea, I'm sorry.

SPEAKER: Come on, guess.

MR. EDMONDS: You know, I'm like my colleagues, we –

SPEAKER: We suffered.

MR. WEST: Okay. Other questions that we can answer? Yes, right here, right up here.

MR. APGAR: I'm Sandy Apgar; how does a new president encourage a culture of transparency, of open communication of ideas, and yet maintain the discipline and the message that both of you have emphasized and that we've seen in different administrations but not in others?

SPEAKER: How does he maintain – encourage –

MR. APGAR: Open communication and ideas,
transparency.

SPEAKER: Well, I think Candidate Obama has demonstrated that he is open to ideas from a lot of different people, he wants people around him who will challenge him and speak honestly and openly to him, so I think he's already demonstrated that he's going to have an administration that's open and transparent.

And I think he's also demonstrated the discipline of not allowing people to run off in different directions and talk in different voices. I think, you know, he is one of the most disciplined campaigners and leaders that I've seen in a long time. And so I don't think there's going to be a problem with melting those two, of discipline and transparency, I really don't. I think he's demonstrated he can do it.

SPEAKER: I'll add one little part of that, which I think may be most understood here in Washington, and that is, how do you do it within the permanent federal government, how do you do it within the bureaucracy. This is a very difficult question. Most presidents have really failed at it, in part, because they really don't even know how their political government interacts with the permanent government, and so they start off by giving some big message of you are all the unsung heroes of the

world, or make us swing around the circle and in each agency say something nice and they're never seen again.

I think there's much that they can do, and I think it's very important that they do do it, because they should understand where the two meet, and they don't even necessarily meet at their cabinet, they meet at their assistant secretary, deputy assistant secretary level usually, and those people interact with the top of the civil service, that is, the people who are in the Senior Executive Service, the people who are GS-15's and so forth.

I think it's terribly important very early on, as he picks his political – his assistant secretaries and so forth and so on, some of whom are very suspicious of these people. Historically, they think they're either all liberals or they're all conservatives, but they're not all us. For these people to formally interact with each other, because it's the permanent government at that level that really knows a lot, the new people don't necessarily know, unless they're coming back from a previous administration, and not only that, they know where the bodies are buried, they know how to deal across with the appropriating committees, the authorizing committees and so forth.

So I would find – now, that’s not very dramatic, in answer to your question, but I think it goes a long way to, at least in government, opening up those channels of communication.

MR. WEST: Right over there, yeah, right there.

SPEAKER: -- IUCN; I have a question. We heard much about the White House staff, we heard something about the cabinet, we heard a lot about Congress, but conspicuously absent has been the role of the new Vice President in this administration. I wonder what kind of advice he would give the new President, how he should make the best use of his Vice President. Thank you.

SPEAKER: The role of a Vice President – do you want me to answer anyway? Yeah, I think this is a very important question. And we saw the way it was being treated during the debate between Biden and Palin, very different schools of thought that represented very different points of view. She had met with Senator McCain and claimed that she had a very specific body of – portfolio, energy, because she was from Alaska and so forth. Biden said, no, I’ve met with my boss to be and I reject that and I will be the senior advisor there who will sit there and listen and so forth. I think that’s exactly right. I think what’s happened over time is, the vice presidency has become sort of a cabinet officer with portfolio, a

cabinet officer of odd jobs. It really had started, in part, with Nixon and had grown over time.

Now, sometimes they give them the right job. I really do think that Gore was given the right job, a sort of process job, and did it very well. We've reached a point where I think the President and Vice President was a disaster in that regard, starting with energy and so forth, so I think that's right. I mean really, let's face it, besides breaking a tie, which happens very rarely, the only thing that they're really there for is so that we'll have instant succession if need be.

So basically the Vice President of the United States should be treated like the Prince of Wales. I mean that's the person who is there to be educated. And if that person also has a lot to contribute, they're to listen and to give back that, and I think this is going to be a good match.

SPEAKER: I think it is also, you know, there's a difference between being a vice president who has aspirations to one day be president versus a vice president like Dick Cheney who didn't care who he offended, because he knew he was – it was over.

We don't know about Joe Biden. We don't know, you know, he's getting up in age, we don't know – and he's run for president before, and we don't know if he has aspirations to some day hold that office.

But I do think that he's probably going to be more in the Gore/Chaney model, meaning that he will have a more substantive portfolio and probably more towards foreign policy, because that's his strength and is Obama's perceived weakness, if you will.

So, you know, I think in the modern times starting, in my experience, starting with Al Gore, the Vice President has had more of a substantive role rather than, you know, just going to funerals and being there for the succession, the unfortunate succession. So those are my thoughts on that.

MR. WEST: Do you have some – okay, right here. There's a microphone coming right here.

SPEAKER: -- graduate student at Johns Hopkins just across the street. I would like to ask you, gentlemen, what do you think the value added is of having republicans in the cabinet? Because, Mr. West, you write in your memo that Obama should be adversaries in his cabinet, and Mr. Hess, you said be careful with that, only if it's the best choice in terms of qualifications. I wonder, can you reconcile those views?

And we've seen overseas with President Sarkozy that that strategy has been adopted and it has worked, to some extent. I would like to know, what do you think, all of you, maybe if you can. Thanks.

MR. WEST: I mean I think the basis of my remarks in that regard is because Obama emphasized bipartisanship so much in the campaign. I mean I just really believe that there has to be more continuity between the campaign and the governing process, one, to restore public confidence, but also, because he talked about that so seriously, it becomes almost like a campaign pledge that needs to be fulfilled.

I agree with Steve that, you know, bipartisanship, you know, having somebody, having a couple of republicans in the cabinet, you know, does not guarantee greater effectiveness, but it may open the communications channels to members of the opposition party which has been lacking over the last few years, and so that may be one advantage of having a few republicans around.

SPEAKER: Well, my feeling is that the bipartisanship we're talking about, the bipartisanship that's necessary, is how the President and the White House deals with the Congress. That's where you're going to need republican cooperation, that's where you may have to slice off some republicans who are sympathetic to you, that's what it comes down to in this city at least when you talk about bipartisanship.

SPEAKER: I would add, though, that I think there is sort of a symbolic advantage to having a person from the different – another party in your cabinet. President Clinton had William Cohen as his Secretary of

Defense, who is a republican. And I think it sort of fulfills that promise that was made during the campaign to try to govern in a bipartisan way. And I think it may have more of an impact on the – politic than it does on Congress or, you know, the opposition that he's going to face. But I think it's – it has a symbolic advantage.

MR. WEST: Bill, you had a question?

SPEAKER: Yeah; we have an unusual situation in that the President Elect is a sitting senator, we haven't seen this since John Kennedy. And, Steve, since that was the first transition that you were involved in, I wonder if you would talk about that a little bit in what the – there's always the situation of the President Elect and the sitting President and what that involved, but particular with big, critical issues out there, the economic recession, the idea that – first stimulus package, what should we look for and expect this to look like?

MR. HESS: I think we're very fortunate that Obama is so inexperienced. He's only been in the Senate a couple of years. If you're in the Senate long enough and you become President, you're in trouble, because you think you know Washington, and you don't know Washington, you know Capital Hill, and it takes a long time to figure out that the culture of Article 1 is very different than the culture of Article 2.

On the other hand, it's very useful to know how it works on the Hill. So I think actually Obama was there just long enough to understand that, and that will be very helpful to him. It's not as if the old argument, he has all sorts of friends up there who are going to help him or not, that – by the way, I should say it's very useful that he's got Joe Biden with him, he does have a lot of friends up there. But I think it will be – he's got just about enough knowledge of how Capital Hill works to be helpful to him and not get in the way.

MR. WEST: Okay. I think we have time for maybe one or two more questions; right here.

SPEAKER: Thank you. Shome from 21st Century Business Herald. Question for Terry is, we all think the speeches made by Obama are extremely good, but from a professional point of view, why are they so good? I'm just curious, what do you know about the speech writer? And a question for Stephen is about Asian issues. What do you think are the challenges faced in the President on the Asian region, and how should they be – how much should the issues being prioritized? Thank you.

MR. HESS: The question was about his speeches and why are they so good and what do I know about his speech writers? First of all, I think that Barack Obama is a naturally gifted speaker, and he's also a naturally gifted writer, and it's my understanding he does a lot of his own

writing. He's written two books and he's obviously a good writer. But I think that, you know, his comfort behind the microphone, his obvious sort of love affair with the stage comes across and he seems very comfortable when he speaks, and that comes across, and I think it really lifts his speeches.

Also, I mean he really I think is attuned to cadence and rhythm and poetry. A lot of his speeches are reminiscent of, you know, Jefferson, Martin Luther King. The speech in Grant Park, where he said – the point where he said we may not get there in my life time, but we, as a people, will get there, that was almost an exact phrase that Martin Luther King used in his last speech before his assassination.

So I think that Obama is just, like I said, naturally gifted as a speaker, eloquent, and he does have good speech writers. I do know two of them, and I've worked with them, and I think they add quite a bit to his performance.

MR. HESS: I should add, by the way, we were – Terry and I are both members of something called the Judson Welliver Society. If you think that the most exclusive club in the United States is the United States Senate, you're wrong, it's the Judson Welliver Society, because we're made up of former presidential speech writers. And I think – I agree, I think he's very good. I think that what he's got to do, it's a strange thing to

say, because in a campaign, you use a set speech, and you use variations on it and so forth. Suddenly – and I gather he does a lot of his own work, that he really writes his speech, the great speech – I think the great speech that will be anthologized forever is the Philadelphia speech on race.

I think he's going to have to realize that he can't write every word of every one of his speeches. I don't know his speech writers, I assume they're very talented.

The argument that we always go into in the Judson Welliver Society, where we meet about speech writing, is so that the old timers and the new timers – the old timers say that speech writers should be like Ted Sorenson or FDR speech writers and they should not be in a little box, they should be spread out and their wisdom should permeate the White House because they're terribly smart people.

Then the new type says, my goodness, you can't do that when you're giving 28 speeches a month, we've got to have an organization for it. So the trick really is to find a way within the organization of the White House to make the maximum use of these people. Actually, with Mike Gerson, I will say I think George W. did a pretty good job of expanding that. What was the other question? I'm sorry, Darrell.

MR. WEST: I'm not sure.

SPEAKER: Asia.

MR. EDMONDS: Asia, I couldn't comment on that. It's beyond my pay grade, I just don't know.

MR. WEST: One last question. Okay, we'll make this one the last question.

MR. MITCHELL: Thanks; Gary Mitchell from the Mitchell Report. I want to come back to something that Steve talked about earlier, and that's this question of the relationship between the President Elect and the incumbent, the sitting President. The two sort of classic, historical models that are used in this situation are 1860 and 1932, when President Elect Lincoln and President Elect Roosevelt very steadfastly rebuffed in treaties from President Buchanan and President Hoover to sort of, you know, come let us work together. And so my question is, to both Steve and Terry, is the Lincoln FDR model the one that Obama should be using this year? And the second part of that – or not. The second part of that question is, coming back to Bill Antholis' point, this is the first time in 48 years that the President Elect and Vice President Elect are sitting members of the Senate who are going to have to vote on issues that come before the Senate like the stimulus package, et cetera, and that's sort of

complicated. So I'm interested in your thinking about what the right model is for Obama/Biden with George Bush.

MR. HESS: Gary, there's one very basic difference between 1932/'33 and today, as you well know, the Constitution has been changed. The President, at that time, took office on March 4, so that was a heap of time from the beginning of November through March 4. We're really only now talking about a period that extends basically to the – well, extends back to the 20 of January, but the new Congress comes in on – so any question you'd have to ask yourself is, okay, what do you want him to do now that couldn't be done six weeks from now, and if there – if that's something you think could be done, does he really have the infrastructure and everybody in place to do that.

So I – to me it's quite clear, though obviously not clear every time you pick up a newspaper and somebody is telling him to be there next week when there's a World Summit meeting. The other question is, I think Leon suggested it, I hope that this lame duck section will do nothing more than get things lined up for the next group. Why? Well, for one thing, the next group is a little different than this group.

There's a lot of hand in glove work that could be done by Barney Frank and Chris Dodd and others to get ready, but I don't think it

has to be the sort of thing where, because Biden and Obama are there, that suddenly becomes something that's written in cement.

MR. MITCHELL: Yeah, I would just add that, you know, when you talk about what he should be focusing on, to me, it's the three E's, the economy, energy, and education, but the economy comes first. And I think that the crisis is so acute, it does – it almost rivals what Lincoln and FDR had to face in their administration. So I would say that if he really gets out of the box on the economy, then, you know, that will be a good start.

I had a question for Stephen. Stephen, one of the things you said in your book was, never hire anybody that you can't fire.

MR. HESS: No, I didn't say that, sir, you were awfully close. I said never give major public policy responsibility –

MR. MITCHELL: Okay.

MR. HESS: -- to someone you can't fire.

MR. MITCHELL: Okay.

MR. HESS: Yeah; and I thought that was sort of interesting, because it was excerpt in the *Post* yesterday, it implied that I was talking about somebody who couldn't be fired by Bill Clinton.

MR. MITCHELL: Well, that's what I – that's –

MR. HESS: And actually, if you look in the book and you see the picture, it's actually somebody who couldn't be fired by George W. Bush.

MR. MITCHELL: Well, I immediately thought of the Clinton Administration, and so my question is, Michelle Obama is also a very strong, intelligent, powerful person in her own right. Of course, she's a mother, and, you know, she's going to have a historical role as the First Lady, but do you envision her getting into the policy game?

MR. HESS: I would suspect not. Frankly, I thought Hillary made a mistake in what happened. I think what happened, of course, is that somebody gets to be President, and they do things, and they're successful, so they do things the way it worked where they were, and in Little Rock, he had given considerable responsibility to his spouse, and she did very well. When he got to the White House, he did the same thing, and it turned out to be quite disastrous. I think the problem was, here was the first professional woman who deserved professional responsibilities, and I think she should have become a professor at one of the local law schools and that.

So I would have – and that, of course, could well be the model for Michelle, too, if she's choosing one, other than the responsibilities of her

children and otherwise. I think she's fabulous. And my wife can hardly wait until those little children get to the White House.

MR. WEST: Okay. We are just about out of time, but if you'd like further information on presidential transitions, I'd refer you to Brookings.edu online. We have a variety of position papers, memos, podcasts, video cues, so a lot of different bits of information. Virtually every week from now until the Inauguration, Brookings is going to be releasing briefing memos on issues from education, health care, and energy, to foreign policy and global development. Next Tuesday at 11:30, we will have the next panel in this transition series discussing how America should secure an energy policy. So I'd like to thank Terry, thank Steve, and thank you very very much for coming.

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

/s/Carleton J. Anderson, III

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Commonwealth of Virginia
My Commission Expires:
November 30, 2008