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THE IMPACT OF THE MIDTERM ELECTIONS ON U.S. FOREIGN POLICY

Washington, D.C.  
Wednesday, November 10, 2010

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

MR. INDYK: Good morning, ladies and gentlemen. I'm Marin Indyk, the director of the Foreign Policy Program at Brookings. Welcome to this inaugural *Meet the Press at Brookings*, a monthly a discussion of foreign policy issues, hosted by the anchor of *Meet the Press*, David Gregory. We are going to have a quick discussion here, a lively discussion I should say, and then we'll turn to the audience for questions.

David Gregory is a man who needs no introduction, but since I know that he likes one (Laughter), he is obviously the anchor of the preeminent Sunday talk show, *Meet the Press*. But he has developed a reputation, particularly in his White House years when he was White House correspondent for NBC, a reputation for an assertive approach to questioning, especially politicians and the President himself, which built him a mighty reputation in the years that he covered George W. Bush, enhanced by his acute analysis of Washington politics and politics on the campaign trail during the last elections. So we are delighted to partner with *Meet the Press* and with David in this monthly series.

I will quickly introduce the other panelists here. Ken Lieberthal is the director of our John Thornton China Center in the Foreign Policy Program. He is a preeminent expert on China; once was a professor at the University of Michigan; author of 15 books and monographs, including a new one that's about to come out on doing business with China.

Bruce Riedel is a senior fellow in Foreign Policy and at the Saban Center for Middle East Policy at Brookings Institution. He's a 30-year veteran of the CIA who's had extensive experience working for four presidents in the National Security Council on Middle East and South Asian issues; the author of a best-selling on al Qaeda and a forthcoming book called *Deadly Embrace*, which is on U.S.-Pakistani relations.

Suzanne Maloney is a senior fellow at the Saban Center, also; an expert on Iran; and currently working as an outside advisor to Undersecretary of State Bill Burns on the long-term issues related to Iran. She, too, has published a number of books and her forthcoming book is on the political economy of Iran.

That empty chair is because Bob Kagan is stuck on the George Washington Parkway in a terrible traffic jam, but he'll be joining us shortly. He, of course, is the best-selling author of, amongst other books, *Of Paradise and Power*. He joins us in the Foreign Policy Program this year as our expert on U.S. foreign policy.

David.

MR. GREGORY: Thank you, Martin, very much, and good morning to everyone. *Meet the Press* is delighted to be part of this, I certainly am, because there are some wonderful scholars on the stage and thinkers. And what an important time to talk about what we'll discuss this morning. There's so much happening on the world stage, so much in front of President Obama, and yet his immediate focus has to be the outcome of the elections last week that have rocked his administration and the Democratic Party.

And I think there's an amazing duality right now in Washington. On the one hand, you have an election that was really decided, I think, on two primary factors: one, Americans' economic anxiety, primarily; secondly, a real judgment about the role of government in our lives at a time of economic and political upheaval. And I think that's what we're really seeing. And if you go back to 2006, that desire for change, the political upheaval that you started to see in the country, was evidenced by the fact that you saw huge swings in the number of seats that were lost in '06. You saw it again in 2010. There's Bob Kagan now. And -- I'm sorry, in 2008, and then you see it again in 2010. So we're in the midst of this upheaval right now and a lot of it has to do not only with the

fundamental structural changes in the economy, but also the attendant changes then in our political life.

Bob, good to see you as you get miked up. I'm just doing my preamble here.

So -- but while all of this is happening and while you could say that the primary focus of the Obama Administration's going to be on jobs, government spending, and the debt, we recognize how engaged the United States is in the rest of the world. On the debt alone, the question of the U.S. role in the world that's linked to our debt and our position in the world is one.

We're fighting a hot war right now in Afghanistan. The President's trying to figure out our political endgame for Iraq. There's a building threat in Iran that reminds us of our recent past conflicts in the Middle East. You have the assertiveness of China. You have the question of new markets like India. Oh, and by the way, we're still fighting a very aggressive war on terror, even though they don't call it that in this administration. The reality is they are fighting it in a way that is every bit as robust as President Bush -- without the waterboarding, apparently. (Laughter)

So this is how we set the table. And the conversation this morning is going to be about how the President frames the next couple of years of his foreign policy in the midst of all of this, in the midst of the rest of his first term. And I actually want to start with Ken Lieberthal on this point because your expertise is China, but I'm wondering where the economic problems in the United States, in fact, become the primary issue of the President's foreign policy.

MR. LIEBERTHAL: Well, I think in reality, how we do domestically, whether we bounce back rapidly from our current troubles, is going to be the single most

important factor in shaping U.S.-China relations in the years going forward. The Chinese are very pragmatic. They calibrate the U.S. capabilities and the U.S. future, and they have a lot of respect for our capabilities. But right now, they see us in deep, deep trouble and they're beginning to wonder whether we're going to bounce back and they see themselves as moving forward. And that's a combination that gets us both psychologically and in terms of resources available in a very difficult position.

And so I think that despite the comments about Chinese assertiveness and a lot of other things going on in the relationship, underneath it all we're seeing a rising power, we're seeing a power that's on top, and increasing questions about what our future holds. And that underlying relationship is going to drive a lot of what we see in the more day-to-day activities that we have back and forth.

MR. GREGORY: Bob Kagan, I spoke to business leaders recently who say, you know, as they travel around the world, the sense that they get is that a lot of countries, particularly emerging countries, in the world, frankly, don't see the United States as the same kind of global power that it has been in years past. Do you agree with that?

MR. KAGAN: I don't even agree that that's really the perception. I mean, there is concern about the United States and, I don't know, I'm not a businessman, so I don't know what it feels like to be a businessman these days overseas. But I've just come back, I was in Singapore and Hong Kong and Abu Dhabi, and from Europeans and in East Asia and Southeast Asia and in the Middle East, all I hear from everybody is the United States needs to pay more attention to us. You need to get more involved. Everyone in the world really is looking to the United States to get more deeply involved. They're not assuming the United States is out of business. I think they're hoping the

United States will very much stay in business.

And really, you know, as China rises, as people deal with the problem of Iran, as Russia's uncertain, a lot of the powers around, a lot of the peoples around those countries are looking to the United States more today, I think, than they were even 5 or 10 years ago.

MR. GREGORY: But there is this question --

MR. INDYK: It's the paradox of power actually, that when we were the sole superpower dominant in the world we were somewhat threatened even to our traditional allies and friends. Now that in relative terms we're not the dominant superpower, we're less threatening and they need us more, in fact, because to balance the rise of China in particular.

MR. GREGORY: Bruce Riedel, let's pick up that particular strain, though, which is where is some of the reciprocation? You know, I mean, if you think about Afghanistan, maybe less need for that in Iraq, but where are the partnerships that the President had hoped to restore with a different approach to the rest of the world?

MR. RIEDEL: Well, he hoped to have a different partnership with the Muslim world. And as he said in his speech yesterday, he hasn't quite gotten there. The partnership that he was hoping for has fallen short.

In Afghanistan, we still have an awful lot of partners. We have four dozen countries who have troops on the ground. You have countries like Czech Republic, which has its largest military deployment in the history of the country, in Afghanistan today. The same is true of countries like Estonia, Latvia, Lithuania. It may not seem like a lot of troops to us, but to them this is a big deal.

Which gets to the whole question of staying power, which is what I think

we've been hearing about here. Does the United States still have the staying power? Are we going to be there? People are having these doubts. If the economy in the United States continues to be in trouble, are we going to be able to play the role on the world stage that we've been playing for the last half a century?

MR. GREGORY: I mean, Suzanne, the President really talked about this when he gave that speech at West Point about Afghanistan, and said there had to be an endpoint in the war in Afghanistan because the country simply cannot afford it. And yet, while there are a lot of question marks about who will be there for him and who won't be, and as the debate ensues about next July and a withdrawal from Afghanistan, you may have like Marco Rubio, the senator elect, said: If he wants more troops, I would give him more troops. But the reality is that the United States, this Administration, is saying there are some real limits here.

MS. MALONEY: Well, I think those limits are important and the debate within both the Republican Party and the response to it from the Democratic Party are going to influence not just the shape of the war in Afghanistan, but how the President deals with an emerging threat like Iran. Iran is, you know, a country on the verge of continuing its nuclear program. We are looking at talks that may take place in upcoming weeks. And I think this election environment will make it that much more difficult for the President to obtain any real, you know, sort of useful starting point for any kind of compromise from the Iranians on their nuclear program.

MR. GREGORY: Well, let me go back to you, Bob. So you're in the Oval Office. The President now is thinking about these challenges that are arrayed in front of him. What's the framework? How is he approaching this right now post-election, thinking about the next couple of years?

MR. KAGAN: Well, I mean, first of all, I don't think we should be looking at Congress as a big obstacle to the President doing what he wants to do. It isn't. He's got more support in the Republican Party for some of the things he wants to do than he does in the Democratic Party, and I don't think he needs to worry about that. And, in fact, I think there is quite a strong bipartisan consensus on most of these issues that we're facing.

So the good news is he's not going around the world with a divided country behind him on those issues. On the domestic issues there will be divisions. So it's really just a question of -- as people say -- fixing as best we can the domestic economy and then playing the kind of role that most of the countries around the world want us to play, and that will be supported in Congress.

MR. GREGORY: But let me -- Martin, I want you to take on that same question, but I'll disagree with Bob a little bit from this extent: If, for instance, he can't get the prohibition against gays and lesbians in the military overturned the way he says he wants to, if, in fact, there's a greater commitment or, I should say, less of a reduction in troops in Afghanistan, the President runs a real risk in the next year of facing an opponent -- a primary opponent -- in 2012. Something he may not be thinking a lot about now, but it's out there.

So, while I think you're generally right, I do think that's a potential threat. So then how does he approach the next year and beyond as he looks at this landscape?

MR. INDYK: I think that there's a tension. I agree with Bob that there's basically far more unity between the parties when it comes to foreign policy than domestic policy. But the tension he faces is between an electorate that has sent him a very strong message, which is it's jobs, stupid. You've got to do something about



lowering the unemployment rate. And the reality that he has more room to maneuver when it comes to foreign policy just because he's the President and he has executive powers, and also because there's bipartisan support for a lot of this, so it's going to be easier for him, in effect, to work on foreign policy issues than on the domestic issues where there's deep division. And yet the public wants him to work on those domestic issues. So how he's going to balance the opportunity versus the demand is, I think, going to determine a lot of how he proceeds in the next two years.

MR. LIEBERTHAL: But a really big issue as he develops his foreign policy is what the rest of the world thinks of how he's handling his domestic situation. I mean, it's just core. So I don't think there is as clear a distinction as some of the, you know, analysis might suggest.

MR. GREGORY: But then do you disagree with Bob that he disagreed with that premise of people around the world, you know -- I mean, again, other businesses here say that China questions whether we're still a capitalist country at some levels with some of the things that have happened over the past year. I mean, do you disagree with that perception?

MR. LIEBERTHAL: I agree with Bob that people around the world really want us to be successful and more engaged. I disagree a little bit on the -- what the President can do in foreign policy because there's more agreement on foreign policy than on domestic. Because I think his capacity to handle the domestic situation is going to profoundly influence people's judgment about our capacity to engage around the world.

The third point I'd make, which I think is very important around Asia, is that there is no question but that China in the future in Asia is going to be a huge economic player throughout the region. If our economy is doing very badly, we can push

back by reaffirming our security alliances and developing stronger security relations even with others in the region. But if we end up being the security guarantors and the Chinese end up being the dominant economic players, Asia for them is a profit center and Asia for us is a cost center. And that's not a position that we want to end up being in.

MR. GREGORY: A point over here?

MR. RIEDEL: I want to jump back on the Congress point. I think Bob's right, he's got strong Republican support, but that's the delicious problem he has. His core constituency -- liberal, progressive, Democrats -- are going to question a lot of his foreign policy works, and I think most importantly and most directly Afghanistan.

I think that come July 2011, the chances that this president is going to substantially draw down forces in Afghanistan are pretty slim. His commander on the ground, General David Petraeus, is going to say it's not ready, it's not time. The allies are going to say -- many of them -- it's not ready, it's not time. He's not going to take on the most popular general in American history since Dwight David Eisenhower and pull the rug out from under the commander and the troops, and lose Republican support on the Hill. But he's going to find liberal Democrats who are very unhappy with that, who are going to say, hey, we agreed reluctantly to go along with an increase in forces with the promise that there was an endpoint in sight, and that was July 2011.

MR. GREGORY: Let me pressure you on that point because talking to commanders I get a sense that things are going well enough that they're actually preparing to accede to the President's request. It's going to be a question of level, of course, but that perhaps there won't be the kind of debate come September with the review that maybe a lot of us expect.

MR. RIEDEL: I think it's way too soon for anyone to say they know we're

going to be in a positive situation in July 2011. I think the few little signs of progress are too thin and too weak to make a lot of judgments about now. But even if there is progress, you're still going to need a very substantial troop deployment in order to capitalize on it, which means that, you know, a withdrawal of the 30,000 troops that we sent in, I don't think is going to be what General Petraeus and others are going to be talking about. They may be talking about pulling one brigade out, and that's not going to satisfy those on the liberal left who want to start getting out of this war, who've come to the conclusion the war is unwinnable.

And that gets you to the problem that you alluded to, is the President going to find himself with a primary challenger who has no chance of winning, who's just running in order to be the Gene McCarthy, I'm against the war.

MR. GREGORY: Right. I want to get to some -- Suzanne, I want to bring you in now. I want to get to some newsy items here that are just occurring this week and get everybody to weigh in. Let's talk about Iran and where we are in this confrontation.

Israeli Prime Minister Netanyahu in New Orleans this week saying if you're going to get Iran to step back from the abyss here, you've got to be serious about using force and somebody's got to make that pretty clear. Are we headed there?

MS. MALONEY: Well, I think that's a greater prospect given the election results, not because it's where the administration wants to go and, frankly, not because I genuinely believe that the Republican Party is aligned in an inexorable fashion toward military conflict with Iran. But I think what we're going to see and we already have seen from Senator Graham the other day is an escalation of the rhetoric on Iran, an incentive for the Republicans who are, to some extent divided. I mean, the Tea Party has this kind

of strong strand of libertarianism, isolationism, fiscal conservatism, which wouldn't, in fact, lead you necessarily to yet another military action in the Middle East.

But Iran is a rallying point and it's an issue that Americans see in fairly black-and-white terms. So the Administration has this kind of short-term/long-term dilemma. The short-term dilemma is they'll have talks, most likely in the next few weeks. The best possible outcome of those talks would be a very basic inadequate agreement, a sort of steppingstone, some thing that might create some confidence, might build some positive momentum.

How do you sell that kind of deal on the Hill given that your interlocutor is someone who denies the Holocaust, who has -- promotes conspiracy theories about 9-11. How can the Administration possibly try to out argue that this is the start of a successful engagement? And that's your best-case scenario.

The other problem is, you know, the continuing talk of war, which will frame the Iranians' intentions. They took Newt Gingrich very, very seriously during the 1990s, his talk about regime change. It really created some expectations among on the Iranian side that they responded to with greater assertiveness. And I think we may see some kind of a very vicious cycle between Washington and Tehran.

MR. GREGORY: Bob Kagan, I was struck, President Bush, who's promoting his new book, gave an interview in the *Wall Street Journal* in which he said basically we're in very early days with regard to Iran and Iran's diplomacy. And yet I think about what is the prospect of President Obama devoting so much political capital to build a case against Iran diplomatically that could end up in the use of force. And so I wonder, in fact, is there something that's a tripwire far short of that, namely the Israelis?

MR. KAGAN: I mean --

MR. GREGORY: And I want a definitive answer, by the way.

MR. KAGAN: A definitive answer, yeah. (Laughter)

MR. GREGORY: Yeah.

MR. KAGAN: With a date and all that, yeah.

MR. GREGORY: Yeah, and plans, if you have those.

MR. KAGAN: The nature of the operation and the whole thing.

(Laughter)

Well, look, I mean, Martin knows probably better than I do what the Israeli thoughts are right now, but I get the sense from talking to Martin and others that the Israelis are not itching at this point to launch a military tact. I think they're hoping that through a process -- and I think the Administration's hoping that through a process of surreptitious degrading of their program and with the sanctions biting, I think they think they have time. I don't think this is something that is going to happen, we're going to be at a crisis point in six months or even in a year.

If the President is lucky, he won't -- just like Bush was lucky. I mean, he managed to escape his presidency without having to make a big decision on Iran, and I'm sure they would love -- this administration would love to get past this election without having to make a big decision. And maybe he'll get lucky enough and that'll happen.

MR. GREGORY: But, again, we're talking about newsier items this week, Martin. Netanyahu out here saying you got to step up to the plate here.

MR. INDYK: Yeah, well, that was interesting from my perspective as somebody who kind of knows Netanyahu, who worked with him closely. He is much more of a Republican than he is a Likudnik. He sees himself very clearly as a (inaudible).

MR. KAGAN: Is that a good thing or a bad thing, Martin? I don't --

MR. INDYK: Making a value judgment here (inaudible), but that's his mindset. And that means he has a great relationship with the Republicans, particularly those on the Hill who are now in control of the Congress.

And I thought that coming here, first of all, meeting with the Vice President, but his office putting up these words about time to put force on the table, and then going to the Jewish General Assembly and telling basically the American Jewish community the same message publicly was basically sending a signal to the Hill of come on, guys, it's time to put pressure on the Administration to get much tougher on Iran. And that's important for two reasons.

One, it kind of fuels a political dynamic that I think was already there on the Republican side. And we've seen how that worked in the Clinton Administration when the demand for a regime change in Iraq fueled the Iraq Liberation Act, which became a consensus. Democrats and Republicans overwhelmingly supported it in the House and then in the Senate. And it really pushed President Clinton towards a regime change approach. So that's the dynamic. That's one point.

The second thing is that Netanyahu, I think, feels a new confidence that he didn't have before; that he now has essentially the Congress with him and that gives him much greater ability to stand up to any pressure that might come from a weakened President Obama. And so that's the other dimension that we saw this week is that when announcements of more building activity in Jerusalem came up -- whether he knew about it or not, I don't know -- but when it came up, this time his people were quick out of the box. And we see it in the press today, saying, you know, rejecting any kind of sense that this is a problematic activity. This is Jerusalem, this is ours, and we're going to do what we have to do here. And that is in the context of the President basically expressing

concerns about that in Indonesia.

So I think what that means overall is not just that we're going to see greater assertiveness on Iran from the Congress with the consequences that Suzanne was talking about, but a greater -- or a less willingness to respond to presidential demands when it comes to settlement activity, which is going to have an impact on the President's other flagship issue, which is the ability to try to achieve a resolution of the Israeli-Palestinian conflict.

MR. GREGORY: All right, we'll come back to this. Ken, I want to bring you in on another issue of the day and that's the President's trip right now. I mean, what's garnering headlines is opposition from China, support in India, but certainly European condemnation as well of the Federal Reserves action to try to prop up the U.S. economy. What's the significance of the trip and some of the actions the President's taken?

MR. LIEBERTHAL: Well, overall, the trip has a variety of purposes in this thing. India and Indonesia, to bolster our relationships out there with India to get it moving forward again after a sense that it had kind of plateaued. Within Indonesia, it's the most important Muslim country -- Muslim majority country out there and to revive what had been a somewhat lagging relationship. The tough measure's actually come up on the next stop, at the G-20 in South Korea.

And here the Fed's actions have really put the U.S. in a more difficult position. We had been trying to focus on China, focus on currency, you know, government intervention in currencies, holding currencies down, you know, for domestic economic advantage. The Fed's action of quantitative easing has allowed the Chinese and the Germans and others to point a finger at us and say essentially, well, you're going

the same route by a different way. You're going to cause acid bubbles elsewhere. You're going to cheapen the U.S. dollar. And you're the reserve currency in the world. You have more responsibility than that.

I think the reality is everyone's a little bit guilty here. We're going to have to get a complicated set of measures that addresses all elements of this, government intervention and holding currencies down, holding currency values down, how the U.S. handles our own currency issuance policies and their international repercussions as well as domestic. And it's not going to be resolved at this G-20 meeting.

MR. GREGORY: How do they positively frame this as a job strip?

MR. LIEBERTHAL: Well, the President took advantage of a meeting of some 200 CEOs in India while he was there to suddenly tout this as a jobs trip. And we announced, you know, billions of dollars' worth of business deals I think were already teed up there. In India, he commented that he really wants to see American business out there in a big way. Let me say he got there a day after a Chinese delegation had committed to, as I recall, close to \$7 billion in infrastructure loans to India -- I'm sorry, to Indonesia.

So he is trying to give it somewhat of a jobs overlay, but this is last-minute, frankly, to my mind. The real purposes of the trip were strategic, plus the G-20. And at the last minute, given the election, he's trying to suggest that this is the start of his focus, like a laser beam, on generating jobs at home.

MR. GREGORY: Let me -- one more top of the news item, Bruce Riedel, which is terrorism. You know, we can go in this country from this flat line to, all of a sudden, it's major news with this plot that we were talking about in the last couple of weeks. I know from talking to National Security officials how concerned they are, how



much activity there is in the system. What's going on with al Qaeda?

MR. RIEDEL: Well, I just want to make one comment on Ken's point.

MR. GREGORY: Sure.

MR. RIEDEL: It is really striking, if you think of the history of the United States, that an American president flies to India seeking jobs for Americans. This is a turnabout of world history. That is a remarkable moment we shouldn't miss.

Al Qaeda is resilient, it is agile, and it is now clear that sometime in 2009 they made a strategic decision to go all out for an attack on the United States of America. Prior to 2009, their goal was a spectacular bigger-than-September-11th. That was a self-constraining tactic. It's clear now they're going for anything they can get -- not just the home run, but for a single, a double. And we had a potential single literally on the eve of the election. We now know al Qaeda can build a bomb which can get through any detection system and can bring down a cargo airplane and probably a passenger airplane. Our solution so far is to shut down the post office in Sana'a, Yemen. That's not a solution. If they can get the bomb to Dubai, they can get the bomb to Riyadh, they can get the bomb to Cairo, they will get the bomb somewhere.

This administration has known from day one that the specter of a mass casualty terrorist attack lies out there. It's been remarkably lucky for two years. Let us all hope its luck continues to hold out. But the odds are pretty good we will see a mass casualty terrorist attack, whether it's a bomb in an airplane or a car bomb in Times Square or metro bombers on the New York or Washington Metro. That will be a transformative event, I think, in American politics. And the Administration knows that while it has done an awful lot on the terrorism front, and can rightly say they are firing more missiles at al Qaeda today than George Bush did in eight years, they're also

vulnerable on other points.

Waterboarding. They're going to hear if there is a terrorist attack in the United States. You stopped waterboarding people. That's why it happened. That's an unfair charge, but politics is not necessarily a fair game.

MR. GREGORY: Bob, let me ask you, we're talking about President Bush and his book and he's talking and he told Matt Lauer we weren't attacked again after 9-11. We can have all the debates you want about waterboarding or eavesdropping and so forth, we weren't attacked again. That was a significant accomplishment.

Is his view, which it was often said, that we're better off fighting terrorist over there than fighting them over here, has that been vindicated to any degree? And does our current, you know, posture in Afghanistan still make that the case?

MR. KAGAN: Well, I mean, since we can't know why we weren't hit -- whether it was strategy, whether it was luck, whether where things were blocked -- I mean, it's hard to make a definitive answer. What I think is pretty clear and interesting as we look forward, the American people believe that's true. I mean, that's why there is so much continuing support for a war that, you know, it would not normally be easy to support in Afghanistan.

I personally think -- I'm not an expert -- I personally think it's true that we are making their life more difficult by being out there. But I think more importantly, I think at a kind of strategic political level that is the general view. That's why we're still in a post-9-11 environment when it comes to foreign policy. That's why we're not taking an isolationist turn. That's why this election didn't signify a turn toward isolationism. That basic feeling which is taken as a truth is out there, and it's an important underlying aspect of our overall foreign policy.

MR. GREGORY: It is interesting, Martin, that some of this President's missteps initially -- closing down Guantanamo Bay, which may have felt good and yet was much more complicated, and even lawyers in the Bush Administration who also wanted to close it recognized that at the time; you know, the issue of waterboarding; trying the likes of KSM in a civilian trial, which has proved to be incredibly problematic -- you know, got them into some difficulty when, in fact, there is a lot of -- there's both continuity, but also a feeling on both sides of the aisle, it seems to me, that we are still on this war footing even though there's a lot of people who want to sort of step back from that.

MR. INDYK: Yeah, and we saw that in recent polling, that we did an event on that with the Chicago Council on World Affairs that the public, surprisingly, still does support our engagement in Afghanistan. I think the President perhaps was too concerned about that except for this basic point, the polling showed, which was that as long as the people feel that there is an end in sight, they will go on supporting it. And that, I think, is why even though his statement about beginning the drawdown in 2011 had negative repercussions in the region -- Afghanistan and Pakistan and so on. It nevertheless, I think, brought support -- together with the elements that Bob referred to -- bought us -- bought himself time and support amongst the American public and, of course, Republicans backing him up on that, to be able to try to prosecute the war in Afghanistan in a way that might yet produce an acceptable result in the end.

So, you know, I think that this president suffers from a combination of circumstances. His election raised expectations sky high. He was going to be the change agent. He was going to be -- it wasn't going to be politics as usual. It was going to be a bipartisan approach to these issues. And he disappointed a lot of people as a

result of these expectations being so high.

And the second element was that with any administration, the first year, the first couple years, there's always a very steep learning curve. And so some of the things you think are so easy -- like closing Guantanamo Bay, which he was warned about by Bush's lawyers that this was far more complicated -- there was an assumption, you can call it hubris if you like, that we're different, we can blow away all of these constraints and be much more effective. And he's suffered from those -- the combination of those two things as well as, you know, the greatest recession since the Second World War. And those have, I think, all combined to create some real problems for him.

The most important thing I think he's got to do now is put some scores on the board.

MR. GREGORY: And where will he do that, Suzanne?

MS. MALONEY: Well, you know, I don't know if I have the answer to that, but I think that Martin and Bruce and Bob and everyone's points up here are getting to another dilemma that faces the President and the Administration at this point in time, which is that, you know, it's not simply easy to contest an environment here, is the Republican opposition to particular proposals that the Administration puts forward. But it is this kind of self-censorship, this self-inhibition that's going to be imposed on the Administration because they're going to be looking toward 2012. Are they going to be as ambitious, as creative? Are they going to be as forward-leaning on issues like Iran? Because, in effect, they recognize that they have trouble selling them to the American people. Because, in effect, that they recognize it could invoke some of the underlying differences between the two parties.

And so I think this is where all that, you know, hopey-changey stuff of the

first two years of the Administration becomes very hard-line, very pragmatic. And consequently, you know, that much potentially more difficult to sell in 2012 because so much of the President's mandate was this sense of change and different. So if they go back to a sort of, you know, let's do politics, let's do foreign policy as usual -- even if all along there wasn't all that much change to begin with -- it's going to disappoint the liberal left. It's going to make it that much harder to invoke some of these themes in the second term campaign.

MR. GREGORY: Let's end on this before we take your questions. Bob and then Ken, this to me is kind of the larger question. You know, I think about President Bush, who I covered, and I think about the extent to which he had to be reactive to 9-11 and how 9-11 was so transformative that it created a narrative for his foreign policy: Keeping America Safe, but also the Freedom Agenda. And that narrative arc continued and really defined his entire presidency.

And yet I wonder in terms of President Obama also having to be reactive to a financial collapse what the narrative of his foreign policy is. Do we know what it is yet? What might it be a couple of years down the line?

Bob, you want to start?

MR. KAGAN: Well, he's already -- the narrative has already shifted. You know, the first year and a half was all about engagement and trying to work things out with people.

MR. GREGORY: Unclenching the fist.

MR. KAGAN: Right, exactly. And also improving America's image in the world, which is not an insignificant fact, and he has improved America's image in the world. And we're over the whole Bush America's poisonous thing, and that's good. Now

everybody wants to find out whether we've got some, you know, some real power to wield. And I think that's going to be what the second phase is about. I think it's going to be about -- and a certain amount returning to what I consider to be basic core American traditions in foreign policy: supporting democratic allies, supporting democracy, being a global leader. You know, all those things that there was a little bit of embarrassment about in the first term, he's going to go back to that.

And you know what? When he goes back to that, he's going to have a lot of bipartisan support for it and that'll help. That ought to be his narrative. I don't think he needs a better narrative than that.

MR. GREGORY: Ken?

MR. LIEBERTHAL: I actually agree with everything Bob just said  
(Laughter), which is an interesting development.

MR. KAGAN: I'll have to think about that (inaudible).

MR. GREGORY: Yeah, go ahead.

MR. KAGAN: Sorry, go ahead.

MR. LIEBERTHAL: Well, if I could just have one point which is to say his approach, which has been the kind of approach that Bob just indicated, is one that does not produce a lot of exciting victories. So it's not one that leads you into an election and saying I've accomplished this, this, and this. He's improved in many ways the image of the United States. He's trying to lay the groundwork for longer term approaches to issues such as Iran, building diplomatic support and that kind of thing. It's not something that sells well to a country in distress.

MR. INDYK: Well, but I'm not sure that that last sentence is right because inevitably then he's going to be focused on managing and shaping rather than

breakthroughs in foreign policy for all of the reasons that we've been discussing here. Which will be okay, provided that, of course, he manages also to improve the economy at home.

MR. GREGORY: Right.

MR. INDYK: That will remain his big challenge. And I think that just the realities of the difficulties of a breakthrough to Middle East peace, for example, are going to come home to him in a way that will, I suspect, lower his expectations about what can be achieved, and that whereas he came in as a progressive pragmatist, he's going to go out of his first term as president as a pragmatist.

MR. GREGORY: I actually want to end on one other point to Bruce, because I think it's connected to what Ken said, which is there's a lack of fireworks here perhaps in the narrative of his foreign policy. But when I was in Afghanistan and I interviewed General Petraeus and I asked him about Iraq and I asked him about Afghanistan in terms of what is victory, what is the endgame. And in both cases, he talked about an Iraq that was good enough and an Afghanistan that was good enough. It's a far cry from where we were when we launched these wars. And if, in fact, we're playing to some kind of stalemate, I guess what does that say about the narrative of his foreign policy, but of America's role in the world and its perception of itself at this point?

MR. RIEDEL: Expectations are down. I mean, we want an endgame in Afghanistan which is "good enough" so that we can come home and get out of there. I think that translates in reality to an Afghanistan state and particularly an Afghanistan army that can handle the Taliban with a minimal amount of American support. "Minimal" meaning we're going to pay for it probably for the rest of time, but that's a lot better than having 100,000 people on the ground fighting it.

I think this problem with diminished expectations in many ways can be an advantage at home. I see one that's going to be a real problem, though. He has raised expectations in the Islamic world and beyond the Islamic world that there is going to be a Palestine and that that Palestine is coming and it's coming in 2011. I don't see it coming in 2011 unless he is willing to be really bold and to break some domestic political capital -- China, big time. If he decides he's not going to do that, then that reversal of opinion in the Islamic world is going to go in the opposite direction. That's not the end of life for the United States. We can live with it.

MR. KAGAN: It's not even new.

MR. RIEDEL: It's not even new.

MR. KAGAN: I mean, there's an element to all this where I want to say, so what else is new?

MR. RIEDEL: Yeah.

MR. KAGAN: This isn't the first war that's gone poorly for the United States in my recollection. This isn't the first failed foreign policy. And the answer on politics is presidents almost never win elections on foreign policy. They sometimes lose elections on foreign policy, or at least that plays a big role.

MR. GREGORY: Bush won on foreign policy.

MR. KAGAN: Bush --

MR. GREGORY: In '04.

MR. KAGAN: Bush won on foreign policy because we were in a very acute situation, you know. But I think normally foreign policy, you survive foreign policy politically. You don't have big victories to show for yourself.

MR. GREGORY: Fair point. All right, we want to turn it over to you.



Let's get some questions in here. Let's try to keep the questions short. We'll try to keep the answers moving up here.

Should I just call and --

MR. INDYK: Yeah, wait for the mic.

MR. GREGORY: Oh, there is a mic.

MR. INDYK: Yes.

MR. GREGORY: Okay, gentleman right there with the red tie, midway.

Yes, sir.

SPEAKER: Thank you. My name's (inaudible). I'm from (inaudible) daily newspaper. Very quickly to Mr. Martin Indyk, with Netanyahu more Republican and more empowered and more emboldened are we not likely to see -- or is the President's goal of having a Palestine by the end of 2011 is completely shelved?

And to Mr. Reidel, what does partnership with the Muslim work mean? Does it mean that we have armies let's say from countries like Pakistan and Indonesia. In Afghanistan, maybe replacing the American.

Thank you.

MR. GREGORY: It's interesting, you know, the -- Musharraf was critical of the President for not going to Pakistan on this trip when this is such a vital issue, the sanctuary issue in Afghanistan.

MR. RIEDEL: I think it was a mistake not to go to Pakistan, but to go to the question, it's more than just military forces. It's broad support for American foreign policy. And in the case of Afghanistan and Pakistan, its broad support for trying to stabilize those countries.

MR. GREGORY: Martin?

MR. INDYK: I don't know the answers, (inaudible). I think that a decision has to be made whether he's actually going to go for it and pay the potential political price -- and I think Bob is right that there is no votes in it. He may not lose votes, but he's not going to gain votes by achieving a breakthrough on the Palestinian issue.

But we're have to see. I think, we're in the midst of it, we're in these days a decision basically has to be made: Because if we can't find a way to get out of this hole that we're in on the settlements and shift the focus to another kind of basic aphorism. It's the borders, stupid. That's the issue. Two states for two people. We have to define the borders and then the security arrangements. And unless he can get the parties into that negotiation, the idea of an independent State of Palestine being welcomed into the General Assembly this time next year is another mirage.

MR. GREGORY: Right up front there.

MR. MITCHELL: Thank you. Gary Mitchell from the Mitchell Report. I want to frame a question that I suspect would be for Bob and Bruce, but whoever// wants to take a short it, and that is the sort of worst-case scenario; that sometime in the next 12 months we have if not a repeat of 9-11, but a really Homeland, terrorist attack is "successful."

Two questions. One is do we suspect that this will create unity among Democrats and Republicans. Let's come together and solve this. Or is this one where Republicans, for example, see an opportunity to really, you know, move to the right, get tough, et cetera.

Second, what are the range of sort of operational options that would be available to a president in the event of something like that? You know, invade a country, create a new department of government, you know, put waterboards at every street

corner. (Laughter) What happens if this happens?

MR. GREGORY: Bob, why don't you start with that?

MR. KAGAN: It's with a street corner option?

MR. GREGORY: Yeah.

MR. KAGAN: No, I once had a conversation with a European, I said, you know, if there's another attack, the United States is going to really -- I'm afraid -- respond very violently. He says what are you going to do, invade Iraq again? (Laughter)

But, you know, I don't -- it will -- as far as the politics are concerned and we are so -- we really are up obsessed with the politics of everything, but as far as the politics are concerned, it'll depend on how the President responds. I mean, if the President -- and, you know, may one emadation to what I said about politics and foreign policy, the President has to look like he's a strong leader. That he does; that's a key ingredient to being related.

If the President looks for whatever reason, right or wrongly, like he is responding to an attack in a timid and passive fashion, I think you'll find Republican and Democrat cricizing him. The country's going to want, again, rightly or wrongly a strong response. And their strong response, it depends where it comes from, right? I mean, if it comes from Pakistan, I'm sure we have a whole range of military options which will be exercised in that case. If it comes from Yemen, if it comes Somalia, it'll be very hard for the President not to take some kind of military action , put it that way.

MR. GREGORY: Cam I just add before, Bruce, you answer that. I think it's an important question because as somebody who follows politics and policy I would make the argument if you look at the pendulum of reaction to 9-11 and everybody thinks, oh, well, we've come so far from there. We came to here. No, we're only here to each.

We can go to there in five minutes.

And bear in mind that the Democrats when they say, oh, we were against waterboarding and we don't like Gitmo, and there's a lot of consensus around that. The truth of the matter is they would have done about 9 out of the 10 things that the Bush Administration did, and they'd do it in a heartbeat when you're facing that kind of heat that comes from another potential attack. Bruce, what about the rest of the point in terms of what's likely?

MR. RIEDEL: I think that's right and I also agree with Bob, it really depends on what is the postmark on the attack. If it's Yemen, a forcible, large military response is quite thinkable. The Yemenis can't do much about it. In fact, that's exactly what al Qaeda would like us to do, is to start another war in a mountainous region know for xenophobia. (Laughter)

If it's Pakistan, it gets a lot more complicated. Because Pakistan's got the fastest growing nuclear arsenal in the world and Pakistan controls the supplies lines into Afghanistan, and we saw this a month ago. We get into a tiff with the Pakistanis, they cut off the supply lines to our troops and Afghanistan. And it gets really hard to fight a war if you don't have any food, water, bullets to firth it with. So the Pakistan one is the real nightmare for this Administration, and they know it.

MR. GREGORY: Let's go in the back. Somebody had their hand up. Yes, ma'am, in the black there. Wave your hand, there you go.

MS. BRASELAVA: Hello. Hatuna Braselava. I'm a (inaudible) fellow from Georgia. I would like to ask you to elaborate more on U.S. strategy towards Russia, if you see the possibilities of any significant shifts with this regard and also possible U.S. strategy towards Caucasus region and Central Europe.

Thank you very much.

MR. GREGORY: Anybody want to jump on that?

MR. RIEDEL: Well, I think that -- my personal view is we've seen the high point of U.S.-Russian relations probably with the passage of the U.N. Security Council Resolution on Iran this summer, and that things are going to get more complicated as time goes on. And one area of complication is going to be not just the Caucasus, but Georgia in particular.

And it gets to a very kind of -- in a very, I don't know, practical way because the Administration wants to get Russia into WTO. You can't get Russia into WTO without unanimous approach. Georgia will veto Russia's entry into the WTO unless you begin to solve the problem, which this administration is going to have to address even though it really hasn't addressed it so far, which is what even the Administration -- both the President and the Secretary of State -- called the continuing occupation of Georgia by Russian troops.

And that issue was sort of skated past as we had the reset and we got a lot of things we wanted out of Russia. But now that's going to be one of the issues. Human rights in Russia is going to be a much bigger issue. And the whole question of succession in Russia -- whether we're going to move now -- where the Medvedev fantasy was over and we're going to go back to the reality of Putin. All these things are going to put a lot of pressure on the relationship and I think it's going to be much tougher sledding in terms of -- but I also think the Administration's is prepared to go in that tougher direction and we'll have a lot of support, again, on the Hill for doing so.

MR. INDYK: But just one other dimension to bring it back to the Hill is that the START Treaty needs to be ratified. And we saw today in a New York Times

piece by John Bolton is I think a first short across the bow from Republicans. If that treaty doesn't get ratified, that will also undermine the reset that Obama introduced in the relationship.

MR. GREGORY: Who else here? Sir.

MR. HARRIET: Judd Harriett, documentary filmmaker. With respect to the military option against Iran, it's my impression that the Israelis don't have the capability to do this by themselves. It's not just an attack like they did on the Iraq nuclear reactor.

If I am correct, are we facing the danger that the Israelis may initiative -- going back to what Martin Indyk said about going back to what Martin Indyk said about Netanyahu, are we in the danger that the Israelis may initiative the action, dragging us in by performing a fait d'accompli. Or will they seek our approval and support? Ex ante?

MR. GREGORY: Suzanne, you want to star on that?

SPEAKER: I'll start and turn it to Martin to talk about Israeli intelligence, but, you know, I think the -- convention wisdom is that the Israelis can do some series damage to an Iranian nuclear program. They cannot fundamentally take it out. They cannot do the level of damage and set the program back as far as an American military attack could or would. So, you know, the scenario that you pose where the Israelis strike and then the U.S. is left to clean up the consequences is certainly a possibility.

I tend to think that the reality is nobody really wants to attack Iran and the reason that the rhetoric tends to be so bellicose, both from Washington circles and from Israel, is precisely to maintain that level of international unity, around strenuous sanctions, ran other programs that might be deterring the Iranian nuclear program And as a result, the prospects of war are relatively low. We spent a lot of time focusing on it

in the media, and I think ultimately it's more it's more of a read herring than the most likely scenario, which is an Iran which becomes hollowed out, radicalized, more isolated by long-term, every onerous sanctions that have been imposed over the past few months. But I'll turn this to Martin.

MR. GREGORY: Well, let's keep that and we'll address that. Yes, ma'am.

SPEAKER: Hi. (inaudible), I'm a student at the Maxwell School. We're talking a lot about hypotheticals here, but if Yemen and without a doubt it is the new hotbed of terrorism. What can the Administration do now to prevent an attack? I mean, let's not talk about an attack happening. Can't we do something now to prevent it?

MR. GREGORY: Right. Well, they're killing people there, when they can, right, Bruce?

SPEAKER: Yeah, (inaudible).

MR. RIEDEL: Actually from the beginning of this administration, John Brennan, the President's Counterterrorism Czar, has been focused on this problem more than anything else because they knew al Qaeda and the Arabian Peninsula had come back. We need a lot of intelligence. We've got extraordinarily good intelligence in this last go-round, probably better than you could hope for in many cases, and we're going to need to keep it up.

And one of the ways we need to keep it up is we got to make sure that Yemen is not an American problem. It's got to be a much broader than an American problem and it's got to particularly be an Arab problem, a Saudi and Gulf problem. We cannot rebuild Yemen nor should we rebuild Yemen. The Saudis, the UAE, the Qataris, they should be rebuilding Yemen. After all, they share the same peninsula.

MR. GREGORY: It does -- yeah, go ahead. I'll rein myself in because we only have a few more minutes. Yes.

SPEAKER: Thank you. My name is (inaudible) with Chinese media (inaudible). My question is during the midterm election China was already a target. And now it's after the midterm elections, so I'm wondering whether the economic issue continued building to China and with anti-China sentiment escalate.

And my second part for my question is Chinese president, Hu Jintao, will arrive in January next year. What can he expect from the new public house?

Thank you very much.

SPEAKER: Go to it.

MR. RIEDEL: First of all, there was a narrative that China became a leading issue on a number of House races in the last weeks of the election. I, frankly, know of no exit polling at all that indicates that anyone voted on the basis of what China was doing or U.S. policy toward China, so I thought at the time that it was wrong and I think it proved to be wrong.

I do think that the broader frustration over China's broad economic policies and their impact on the international arena is keenly felt. I was impressed that probably the only truly bipartisan vote in the House of Representatives over the last two years was the vote to impose potentially tariffs on Chinese products because China is engaging in unfair trade practices. And that got a lot of Republican support. I think that issue is not going to go away.

On the Hu Jintao visit, probably the biggest single problem the U.S. and China confront is that after 30 years of diplomatic relations we really don't trust each other. And we don't trust each other as long-term intentions toward the other country.



That distrust, ironically, I think has actually grown over the past year. And I think the most important single dimension of the Hu Jintao visit will be his private meetings with President Obama. And whether they can talk through some of these issues and figure out a way to begin to rebuilt neutral trust. Because if they can't do that there are a lot of other forces that are going to drive us in an increasingly negative direction as we go along. So to my mind, that's the core and the rest is window dressing.

MR. GREGORY: I've got time for one more question. Way in the back. Sir.

SPEAKER: Martin (inaudible) from the German weekly *Die Zeit*. Obama mentioned in his press briefing after the last election it's not actually competition between Republicans and Democrats, but between the United States and the rest of the world. Is that a new message that could, you know, also change foreign politics?

MR. GREGORY: Anyone?

SPEAKER: Give it to Bob.

MR. RIEDEL: No.

MR. GREGORY: I mean, look, he's trying to look like Mr. we're going to compete in the global economy and succeed and that's find. But, you know, other than that kind -- I don't think that's going to be the new theme of American foreign policy particularly.

MR. GREGORY: Oh, and I would just say, I mean, the only way area of -- you know, there's an area like Education where he'd like to work with Republicans, where competitiveness is a theme. Maybe something that both parties can rally around. But I think it may be something of a narrow band since there are very different approaches to, you know, to economic recovery.

Ken, you wanted to add something?

MR. LIEBERTHAL: Well, I was just going to say there's a real (inaudible) in what the President is trying to do on foreign Policy. On the one hand, he's trying to transition gracefully to a more multiple world with the U.S. playing a major role in a multi-polar world. And on the other hand, we still have this way of thinking that you've seen Secretary Clinton articulate constantly in her Asia trip, that it is American leadership that matters. It's not a multi-polar world. We're going to work effectively with others as we lead. And I think the difference between nurturing a more diverse set of powers, where we have a strong impact on that, and claiming American leadership is a very significant difference and that contradiction is going to bedevil the Obama presidency's foreign policy as we go forward. And maybe make it more difficult to sell some of that foreign policy domestically.

MR. GREGORY: That's all our time. Thank you all very much.

Martin, did you want to close out in any fashion?

MR. INDYK: Just to thank you, David.

MR. GREGORY: Thank you. It was my pleasure for being here.

(Applause)

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