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PANEL 6: THE POLITICAL AND POLICY ROAD AHEAD

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PROCEEDINGS

MR. THORNTON: Okay. After this rather extraordinary day of fascinating people and interesting ideas, we're going to finish with, I think, the most interesting session, if I do say so, (Laughter) with Valerie Jarrett, who, of course, needs no introduction. I'm not going to spend a lot of time introducing

her because I'd like to get right into the substance of the day, except to say one thing by way of really compliment and background. And that is that I remember we had a Brookings trustees meeting in June of 2009 -- I guess it was 2009 -- as a result of which a number of us started talking about this very initiative that Glenn and Dominic and others have been spearheading. And after that meeting where we had a couple of members of the administration come talk to us I got a phone call out of the blue from Valerie Jarrett. And so I called her back and she explained who she was. And I said, no, I know who you are. (Laughter) And she was seeking input on the administration's thinking on the business community.

I mention it because she and I have been in contact a number of times since then and I've always found her extraordinarily responsive. The top 1 percent of the people on the face of the Earth who will get back to you straight away and are, like, very, very interested in getting feedback, ideas, criticism, praise, the whole thing. So I want to get that by way of thanking you.

MS. JARRETT: Thank you. And with that, I'm going to leave now because that's about as good as it gets. (Laughter)

MR. THORNTON: Okay. So why don't we start at the sort of highest and broadest level by saying this, during the course of the day, I was struck, anyway, by the really broad agreement on what the issues are facing this country and the fact that the country needs and everyone wants to express some kind of national strategy and then some ability to execute on that strategy in a variety of different ways.

And so, since you are so much at the center of things and you're working for the President, it would be a very interesting thing to start by hearing from you how you articulate what the President's strategy is and what the priorities are and how you feel about our collective ability to execute on this.

MS. JARRETT: All right. Well, first of all, thank you for having me here. I've been getting reports throughout the day and then I was just briefed about, really, the remarkable dialogue that you've all had. And it's music to our ears because your strategy is our strategy. And just knowing that you're focusing on competitiveness and jobs and innovation and ways of making sure that we position ourselves so that our companies can compete globally and invest here in the United States is exactly what the President's agenda is: jobs, jobs, jobs. And so to know that there is a group of this caliber that's willing to engage and work with each other and work with the administration towards that common goal is just terrific. And so I thank you for all the work that you have been doing over this tough economic time.

And I think as we move forward there are going to be so many ways that we can work together and have a true partnership. And one thing that we're very confident about is that no one person can solve the challenges that we have alone. And it's going to take an ongoing, sustained effort of engagement and hard work, and there are going to be many areas where we completely agree. And it sounds like today there was an, you know, absolute unanimity around this central theme of making sure that we stay competitive and that we invest in the United States, and that we support innovation and new

technology and educate our workforce to be able to compete in this global market place.

And there are going to be times where there's going to be some tension and I hope that what we are able to do is have the level of cooperation and dialogue so that we can push each other and encourage each other and find where there's this enormous opportunity for common ground.

MR. THORNTON: So tell us, among the various priorities the President has got, of those priorities which do you feel most confident about or comfortable are likely to get done in the -- let's say, the next 12 to 18 months?

MS. JARRETT: Well, the number one priority is we've got to bring down the unemployment rate and we have to create jobs. And so, everything that we're going to be doing is going to be around that central theme. And there are a lot of different ways that we can do it, and I think that in the coming weeks, when the President gives his State of the Union and when he unveils his budget, you'll be able to see his roadmap and his vision more clearly.

But what I would say is evident to us all is that there's a limit to the market here in the United States, so we're going to have to support exports. That's a big priority. The President named Jim McNerney and a whole board to focus on exports last year and we want to continue their work to figure out what are the levers that we can turn to open up those opportunities. The President had a very successful trip to Asia at the end of last year and part of the challenge is to demonstrate that when a company -- such as a Boeing or a GE -- gets a contract in India, that actually creates jobs back here in the United States.

And we have to educate everybody in America about what those opportunities are for them right here as a result of those export opportunities. The vast majority of the market for our U.S. companies is, obviously, outside of the United States.

First and foremost on the horizon, in terms of legislatively, I think everyone's aware that we reached an agreement with South Korea for the South Korean Free Trade Agreement. It is going to be vitally important to get that agreement approved by Congress. And it's going to be important that there are validators throughout the marketplace who explain why this is so important to this country and the opportunities that will be available to U.S. companies as a result of that free trade agreement.

And I think it's really -- we use that as a good example of really what the President's strategy has been because he wanted to make sure it was a good agreement not just for U.S. companies, but for workers as well. And this is the first time in a long time, if ever, we've had a union stand up and support a free trade agreement. So to have not just Ford Motor Company, but the UAW say, yes, we think this is going to be good for our workers as well as for the businesses, it sends a very positive signal. But we have to get it approved through Congress and I think if we get that approved, and we follow with Columbia and Panama, we'll begin to see some momentum in the free trade agreement and that will create very real jobs back home. So that's an important legislative agenda that we have.

Infrastructure is another important topic and I'm sure you guys

covered that today. And the President has an Economic Advisory Council -- PERAB we call it -- that very early on came up with a suggestion of an infrastructure bank. We're tickling that out and trying to figure out is that something that's really workable because the theory behind it would be not just that you'd have public dollars, but you'd have the opportunity to get private investment as well that would leverage our public dollars.

And one of the clear ways we're going to be competitive in the future is if we build our infrastructure back here at home, both the roads and the bridges, and the transportation, and the broadband and telecommunications, and also our human capital. So these are priorities as well. And I think what you'll find -- again, back to the President's State of the Union, and also the budget -- is that we have to talk about what we're going to do to bring down the deficit.

And the President, as everyone here knows, appointed a Fiscal Commission and really gave them the charge to figure out ways that we can tackle the deficit. And he's directed his budget director to take a hard look at those findings and recommendations and incorporate what he can into the budget recommendations that are made to the President. Because at the same time it was important to jump start the economy in the first couple of years when we were in such a terrible condition, it's going to be also important to tighten our belts just as every business around the country has had to do as the economy starts to recover. Yet we don't want to, as we're tightening our belts, jeopardize the levers that we have that are going to grow the economy.

So education is something that we obviously have to continue to

invest in. Research and development, something we have to continue to invest in. Clean energy, something we have to continue to invest in, and infrastructure. So we have to get the balance just right and that's what government's supposed to do, is to create and foster this climate where the private sector is induced to invest and grow and be healthy. And doing that in the midst of an economic challenge and then a fiscal challenge is hard, but that's what we're up to.

MR. THORNTON: It seems to me, just looking at it from the outside, that in the lame duck Congress you obviously had a very good run of success.

MS. JARRETT: We had a good run.

MR. THORNTON: And it also seems to me, sitting on boards of directors and trafficking in the business community as I do, that both the business community and relations with Congress have taken a turn for the better. And I'm interested to know, you're sitting on the inside, again, how you feel about that? And whether or not you feel -- are there legs to that or was this sort of a one-off and then we retreat back to the bad old politics of --

MS. JARRETT: Well, I'm very optimistic and I think there's some very good signs. And taking them in order, in terms of the business community, I think we should go back and look at the situation as it was when the President came in. He had to take some very bold, decisive steps, some of them not popular, in order to right the economic crisis we were in, to get us on a better trajectory.

And we also had to pass big pieces of legislation that were

important and get them done and get them behind us. So financial regulatory reform, health insurance reform were all a lot for the business community to digest. And so I think that it was important that we do them and get them done and get them in place so we had rules of the road and we had a better opportunity of controlling our deficit. And I would remind everyone, one of the key benefits of health insurance reform is it will enable us to bring down our federal deficit over the future.

And so getting all of that in place creates a certain level of uncertainty, let's face it. Now that we're moving past that phase and we're moving from the recovery to really rebuilding our economy, we think that there's enormous opportunity for cooperation.

In terms of the lame duck, it was very successful. And I think what we saw was a willingness for everybody to give a little bit, to have continuous, ongoing dialogue, which is always constructive, and to really put the American people first. And I think that now that the Republicans do have control of the House there is a responsibility for leadership, and that's a good thing, and that they will work with us closely, we hope. So we are very optimistic and I think that the success of the lame duck -- there's nothing like success to breed success.

I think everybody left at the end of the year feeling that we got an enormous amount accomplished, far more than anybody would have predicted we were going to get accomplished, and it felt really good. Let's face it, it felt good. And so I think if we can bring that spirit back as we begin the new year, and there are many areas where there is going to be this opportunity for

bipartisan support -- I think the free trade agreements are an opportunity if we all do our part and educate everybody about the benefits of the free trade agreement.

Education is another area where there's an enormous amount of bipartisan support. And I think Arne Duncan, I've known him since he was in diapers -- which shows you either I'm old or I don't know what, I've got a good memory -- but to have somebody of his caliber who is willing to be courageous and try new things all around the country and to really put the children first and to be interested in communicating with the marketplace. And I know Arne's talked to hundreds of business leaders in the course of his two years, to say to them, you know, what are the demands that I should be meeting as we educate our children? What is it you're going to need in the economy of tomorrow?

So I think that there are enormous opportunities for ways that we can cooperate. And I think the business community has been very helpful in helping us think through what are the right levers for you. And so whether it's the tax credits for a wide range -- I think we have 16 different tax credits that the President has passed just for small business since he's been in office. So taking our lead from you and figuring out what it is that we can do, give us opportunity for cooperation with the business community. Now that the ship is a little steadier, I think you'll see that some of the areas where there was inevitable tension fade away and areas of great cooperation are ahead.

MR. THORNTON: Okay. I'm going to open it to the floor in one minute, but before I do that I'm going to ask each of the two Brookings scholars,

Martin and Darrell, to summarize briefly for Valerie your most recent ideas, because I think we ought to contribute some intellectual content to her.

(Laughter)

MR. BAILY: One of the things -- my jumping off point was the comment that Larry made when he left the White House, which was that we need to learn to adjust to China. And clearly the United States has to increase exports. You mentioned that as being one of the priorities. We have to reduce our trade deficit and that means we have to become more competitive in the manufacturing sector.

MS. JARRETT: Yes.

MR. BAILY: The service sector is strong. We have an export surplus in services, but we can't get there without manufacturing, and a lot of people feel that we're losing ground at this point to China. So what's our response to that?

I think there's some misperception there a little bit. I think the United States still has very much the edge in terms of innovation and technology. We still have the leading technology. We're still a very innovative economy, but we have to try to shift to the point where we don't just do the innovation, but we actually do the manufacturing here in the United States.

And I think there was a lot of discussion on the panels today about making sure we have the right environment in terms of regulation. Taxes, which I know is a tough issue, and the skills, the education to make sure that that manufacturing occurs, as well as the innovation, which we're strong on.

MR. THORNTON: Darrell?

MR. WEST: Another topic that has come up today is the subject of immigration and there's been a lot of concern about inaction in that area, the inability of Congress to do much with that issue. The DREAM Act came up during the lame duck session, got a majority in the House and a majority in the Senate, but not meeting the 60-vote threshold. And we had discussions about the need for high-skilled workers. There's a need for low-skilled workers in certain key industries: hotels, restaurants, in agriculture as well. So I'm just curious your view about what we can do on immigration and how you think that issue will be addressed in the coming Congress?

MS. JARRETT: Well, I'll go backwards. So let's start with immigration. I think the President said in his press conference right before he left on vacation at the end of the lame duck that his biggest disappointment was that we weren't able to get the DREAM Act through and it wasn't the comprehensive immigration reform package that he supports. And so think of ways that we can tackle that issue collectively and approaching it in a way that is more palatable to Congress is something we're interested in doing.

We don't have the votes right now. We didn't have the votes at the end of the lame duck to get a reasonably uncontroversial portion of comprehensive immigration reform done, so we know we don't have the votes to get the whole comprehensive done now. But we have to think it through and we're open to new ideas and suggestions for how to do that. I know you guys were talking about how when we're educating terrific people here in our

universities -- the best universities in the world -- and that we're losing them because they can't stay here. How are we going address those kinds of issues is something we're very interested in and obviously needling through with you.

We had a meeting this morning on manufacturing. Jeff Immelt was actually over at the White House and we were talking with him. And Gene Sperling, our new NEC director, is very interested in figuring out how we can support manufacturing here and there are a wide range of ideas and suggestions. We're always open to what you guys think would make sense, but it's certainly going to be a priority of the President to figure out how we grow manufacturing here in this country, so I couldn't agree with your comments more.

MR. THORNTON: Okay, I'm going to open it to the floor. What I'm going to do is I'm going to take two or three questions at once and then let Valerie pick and choose which she wants to answer. Lady in the back?

MS. STERN: Hi. I'm Paula Stern. I used to chair the U.S. International Trade Commission, and I'm speaking and asking you a question on behalf of the National Center for Women and Information Technology. And I would like to marry the comments that you made about Secretary of Education Arne Duncan and his concerns, asking the business community where the demands are for the types of skilled workforce that they need to be the manufacturing giants that we have been in the past and hope to be in the future.

The NCWIT -- the National Center for Women and Information Technology -- has actually started going congressional district by congressional district looking at the openings that are not being filled in IT -- information

technology, computing science, engineering, et cetera, and then looking at the schools and what they're doing in those schools, community colleges, or even in the universities in those districts. And we simply have a mismatch -- a disconnect between the skills that are needed and the skills that being imparted to our young people. And I was wondering if in the State of the Union, Secretary Duncan is going to be encouraging the President to kind of unpack this whole disconnect, particularly in STEM, and focus like a laser on the fact that we don't have the skilled manufacturing that combines information technology and computing sciences?

MS. JARRETT: Well, I'll mention two things in terms of what we're already doing. And you raise a very, very good point, there is a disconnect.

A couple of things. CeeCee Rouse, who's on Austan's Council of Economic Advisors and a labor economist, has been looking at is there a mismatch? Is it along geographic grounds or, you know, how does that mismatch actually occur? And she hasn't reached conclusions yet, but I think she'd be interested in talking with your folks and trying to compare data to see where this challenge really is.

Two more things. The President's Advisory Board, the PERAB, through Penny Pritzker's leadership, has created this initiative, Skills for America's Future, where we're working with the community colleges and the private sector, and trying to get employers to help work with us to identify what are the skills and the demand that they have and then matching it up and tailoring community college programs to those needs. So I think that's very

important.

And then, finally, I'd mention that Ursula Burns from Xerox is heading up the President's STEM initiative. And very interestingly, again, I think as of a month ago, she had well over 100 companies that were going to work with her on this STEM initiative, trying to get young people interested in the fields at a far earlier age -- particularly women, who do not go into those fields with the level of frequency that men do -- and to think very creatively about how we could have a more robust STEM education in the country. Because part of the challenge with the immigration demand is simply that we don't have enough people here that are going into those fields. And so those are all very key priorities of the administration.

And I'd love to put CeeCee in touch with you to talk about the research.

MS. STERN: Thank you so much.

MR. THORNTON: The gentleman in the back here?

SPEAKER: Ms. Jarrett, I genuinely appreciate the candor of your answers.

MS. JARRETT: Thank you.

SPEAKER: And I have a question that comes from someone -- I have a biracial background group in the working class exposure to the middle class, and I feel desperately that there is the need for a financial literacy initiative that's targeted at people, the 30 to 50 range, 30-year-old to 50-year-old range, and also targeted especially to people of my generation. And the reason is that -

- in the previous, for example, Ms. Fudge talked about the importance of a cut-and-invest idea that was applied directly to people at a very local level, but the nuts and bolts of what constitutes valuable investing for people isn't as clear anymore. Like I think about people who invest themselves with Phoenix online programs, those educational programs, those degrees don't work. And then similarly, the people who could maybe use a polytechnical degree, but they don't really know which ones are good for them. And then you have -- just look at the widespread consumer debt and that seems to indicate that people aren't necessarily sure what is the best thing that would help them grow in different ways, skill-wise, et cetera. So -- and I'd imagine this to be fairly cheap relative to maybe a few planes and jets and whatnot. So is there space somewhere, genuinely, for a financial literacy initiative for these people?

And I just want to sort of bracket something in, that one of the most interesting programs that I've seen used -- the New American Foundation does some work with this; I'm not with them, but I'm just mentioning that -- is with child savings accounts, which are so extremely successful in teaching people very important things. And as someone coming from a working class background, my mother is not that comfortable using the banking system, but my sister in middle school is now learning a bit about Social Security and why it functions. And the reason I wanted to bring this up is because ultimately it seems that if people had a rational understanding as to what cut-and-invest meant to them on that local level, what they did for themselves, then a campaign that talked about Social Security reform and pension reform would make more sense on a national level.

In rallying with Harry Reid's campaign in Las Vegas and doing some work with them -- I know this is a bit long and I'll try and cut it short right now (Laughter) -- I couldn't help but feel the antipathy of the Tea Partiers, just other Americans feeling very anxious, in that they could not quite understand what the President's agenda was for them because they themselves were not experiencing good investments. No matter what the senator did after passing so much legislation, they just couldn't feel it. So is there space at the local level to hire these folks? Just get them out there, a nice big, bold, nonprofit or something like that to let people know how to spend their money so that they can help themselves and their families grow financially.

MS. JARRETT: A very, very good question. And maybe two months ago, the President appointed a financial literacy council that's chaired by somebody I've actually known longer than Arne Duncan, John Rogers. John is the -- I see, you nodding there -- he's chairman of Aerial Capital Management in Chicago, headquartered in Chicago. And when he was, I think, like 9 or 10, his father gave him the ability to choose some stocks, and so from a very early age he became financially literate. And he did studies and research and he really became very invested in it and now he has this huge company and he picks stocks for a living for other people. And so the President asked him to chair this council. And it's staffed by the Treasury Department and the goal is to do just what you're saying: to look at all of the different ways that we can improve financial stability, including teaching financial literacy to all ages.

You make a very interesting point about the 30- to 50-year-olds.

John is really interested in looking at it from a very, very young age because he thinks if you teach kids when they're very young to be financially literate, it will stay with them throughout the course of their life. If you would like to hear more about that, John is recruiting corporate leaders right now who he wants to engage with him on this, so that it has a real business representation at the same time as it has a grass roots component that he's interested in as well. He's started a small school that's funded by his corporation in a very poor community on the south side of Chicago, about four blocks from where John and I grew up. And one of the principles of that school is to teach children at a very, very early age financial literacy.

And so it's a priority of the President and it's certainly a lifelong priority and passion of John's. And we would love anyone who is interested in getting involved in that to do so.

MR. THORNTON: Ann?

MS. FUDGE: Question about tax reform?

MS. JARRETT: Uh-huh.

MS. FUDGE: Conversation came up, particularly with my panel, could you give us some incite as to how the administration is potentially pursuing that?

MS. JARRETT: Sure, absolutely. Tax reform is an issue that is -- we travel around the business community. Over the last couple of years we've heard a great deal of appetite for -- the President's position is that he'd like to have a simpler tax code, and basic principles of broadening the bases in the

corporate world and lowering the rate are very good principles. You know, also, that there's a challenge of doing that given the fiscal -- the deficit challenges that we have.

It came in a meeting that the President -- it has come up recurrent - - in a recurrent way, but it came up and we had a good conversation about it at a meeting the President had with a group of CEOs at the end of last year, and he committed to them then that he really wanted to take a look at whether there are some steps that we could take, in a comprehensive way, to look at our tax code. And so this Friday is a follow-up to that meeting.

Tim Geithner has invited the chief financial officers from a group of companies to come in and really talk about what the challenges of the corporate structure are. And you're going to find disagreements within the business community because a loophole for you is a real benefit for somebody else, and so figuring out is there a way that we can level the playing field and enable our U.S. companies to compete in a global marketplace because we don't want our tax system to be a disincentive. And right now there are, you know, real advantages to it for some and real disadvantages for others. Folks have suggested this concept of the repatriation of dollars and I think that the thought is rather than doing one-offs, let's really look at a way of comprehensively looking at it.

Every time this has been done in the past, it's taken a couple of years, if not more, to get it done. So we're beginning that process now and it certainly is a priority of the administration. It's going to take some time and it's

going to be complicated and it has to be an inclusive process and it has to also be mindful of the deficit challenges, but it's certainly one the President's committed to getting under way. And it will begin this Friday with Tim.

MR. THORNTON: The gentleman back over here? Would you identify yourself, also, please?

MR. LAWSON: Just returning to the subject of the deficit. It's Eric Lawson from *The Hill* newspaper.

House Republicans are talking about bringing 2011 spending back to 2008 levels. What's the administration's position on that? Is that too soon to bring spending down? Would that harm the recovery? Because you talked about not hurting the levers that you need to foster growth.

MS. JARRETT: Well, you're identifying the challenge. I think that what we don't want to do is simplify the challenge. It's a huge challenge and what we spent a great deal of money in the Recovery Act to jump start the economy and try to get it going. We've talked about today that there are these real signs of positive hope in the private sector in terms of growth, but we don't want to cut in a way that pushes us back the other way, so I think we are at the beginning of the budget process.

The President will be releasing his budget in the weeks that come and I can certainly say to you what I said a few -- earlier, which is that the Fiscal Commission's report, the components of it are being taken very seriously by the administration, and it's complicated and it's challenging and the President is committed to getting it right. And so I look forward to working with the members

of Congress on both sides of the aisle as we face these challenges.

And I think it's important in this respect: The devil is in the details. And so rather than making blanket statements, I think you really have to look at, you know, with each step you take are there going to be unintended consequences? Or are we going to take the steps that will bring the deficit under control and not jeopardize this really good trajectory that we're on in terms of growth.

MR. THORNTON: Sir?

SPEAKER: I've got a very simple question for you. Today everybody has been talking about creating, innovation, and investing in innovation. And the thing is that you cannot create innovation. You can only create innovators. There's an old saying that if you give a man a fish, you feed him for a day. And if you teach him how to fish, you feed him for the rest of his life.

MS. JARRETT: Right.

SPEAKER: So this country brings in a lot of talented people from other countries, you teach them how to fish. You take the fish, you feed yourself for a day, and you send them back to their own countries. I'm glad that you actually brought up the point --

MS. JARRETT: That's an interesting analogy. (Laughter)

SPEAKER: But when I was growing up in India, there was another saying. You give a man a fish, you feed him for a day. You teach him how to fish, you feed him for the rest of his life, but what you should ideally do is you

inspire and empower him to discover his own way of fishing. What he comes up with is innovation.

And my question is, can you please take this message to your boss, the President? (Laughter)

MS. JARRETT: Well, I don't have to state it to him because he believes in it. I mean, it's part of what makes our country so great is that we are such innovators. And it's part of why, you know, he supports incentives for research and development so that we can help support.

And you're absolutely right, you know, government has certain limitations. We can provide some financial resources that allow people to unleash their creative genius and that's what we're very interested in doing. So good analogy and I will quote you directly to him.

SPEAKER: Sure. (Laughter)

MS. JARRETT: Mr. James?

MR. JAMES: Ms. Jarrett.

MS. JARRETT: Somebody I've also known practically my whole life. (Laughter)

MR. JAMES: That's true. Again, thank you for being here, Valerie. And one of the things that occurred to me today as I listened is the whole disconnect about education. We talked about supply and demand in education. We talked about how many engineers China is producing versus how many we are producing and the long-term ramifications of that. And, again, as they say, be careful, what you incentivize is what you get.

I know a young lady that went to Northwestern. She has an engineering degree, but she's writing code for the Board of Trade for Automatic Trading because that's where the rewards are in the financial sector -- or law school. And I'm just trying to wonder if there could be any type of incentive, kind of a -- people talked about a call for a new *Sputnik*, to say here are some incentives to go into science and engineering. If you go into science and engineering and go to work for certain industries or sectors for five years that we'll forgive your student loans. Or, again, not necessarily the pay for college things where you get these degrees and you can't use them, but in terms of how to incentivize, how to encourage, and how to try to get our educational supply to meet the demand that we clearly don't have right now.

MS. JARRETT: Well, that's exactly what Ursula's challenge is. And the President is very -- has taken very clear steps to make college generally more affordable and to make community colleges more tied to the marketplace, but to create the real incentive to lure people into these fields. And to quote from I think it was Ellen Koman from DuPont, she said that the reason why she went into engineering was that when she was a young girl, she was looking at, you know, a man on the moon and that that was something that she wanted to do.

And so what is that kind of ah-ha inspiration that we can give our young people? And even if they don't ultimately -- I mean, she's not on the moon, but she's running a pretty terrific company. And so making it exciting again, making it fun again, making it cool. The President always says he wants to make it cool to want to -- to stay in school and to learn and to go into these

fields where there really is opportunity because of the demand. And so aligning those interests is something we're really interested in. And I would encourage -- you know, Ursula worked at Xerox her entire life, grew up with the same kind of inspiration, and now she's running this terrific company, so contact her if you're interested in getting involved with her STEM initiative because it really -- it is what inspires us all.

And your comment about the innovation and the emphasis on creativity and making our country reinvent itself over and over again because that's what keeps us strong, we can't just stand still. I think that's the collective energy that we'd like to see moving forward.

MR. THORNTON: Okay. We'll take one or two more questions.
The gentleman here?

MR. GOSTEV: Hello, Sergei Gostev, National Academy of Sciences. I have a simple question. If I'm not mistaken, Barak Obama, when he was campaigning for the presidency, he had a quite different position on these free trade agreements. He was for renegotiating them. And I looked it up on the Internet and the (inaudible) database and I found out that South Koreans had a lot of motives to change President Obama's position on this agreement. So my question is, do you think that President Obama's position was changed to this educational campaign by South Koreans? Thank you.

MS. JARRETT: You know, I've heard that before, but I've never really heard anybody say that the President was persuaded by lobbyists, so it's an interesting point to make, but not true. I think, if you look at the free trade

agreement that was agreed to under the prior administration and then you look at the one that the President ultimately is supporting, they are different and they are different in very substantial ways. And the difference is part of why the UAW endorsed this agreement.

The simplest thing would have been for the President to just rubber stamp the prior agreement. It would have been even simple because we'd made some progress for him to sign the agreement as it stood during the time when he was in South Korea. And goodness knows the press gave him a hard time for not reaching agreement in South Korea. And what he said is I think we can do better.

And so he took a couple more weeks and his terrific team -- with Mike Froman and Ron Kirk -- negotiated a better agreement. And so I think the President has been very consistent in his words. What he's interested in doing is taking the steps that are going to create jobs here in the United States, and one important way of doing that is having free trade agreements that are good for our relationship with the other country, create export opportunities, but also are good right here at home.

So I think he was consistent with what he said on the campaign and that's what's included in this agreement and that's what he wants to see with future agreements that he supports.

MR. THORNTON: Okay, one final question. The woman in the far back there?

MS. WRIGHT: Hi. My name is Sterling Wright. I'm the founder of

a startup called Global Future Media. It is a content startup focused on technology and innovation. My background is in defense media analysis.

My question is -- a very brief preface, please. Very brief. I've listened very intently to every panel today and they've all been excellent. Everybody has been spot on, and the sense of urgency, the analysis and this sense of urgency is appropriate. About six weeks ago, I attended a defense conference about social media; it also was excellent. And the sense of urgency of what needed to be done in the operational climate of new media was spot on.

However, I'm feeling a bit dismayed about both conferences, not because of their content, but because of their timing. I'm wondering why these conferences weren't hosted in 2003 instead of 2011? And the reason I ask that is because, from my perspective, technology is progressing at an expediential pace. It is turning over every two, three, five years at most. And for all the reasons that we've heard, there are many countries out there far better poised to take advantage of that. We're sitting here discussing these things as if they are new dynamics and we're thinking very linearly about the solutions.

Let's raise a generation of scientists and engineers. It seems to me that by the time we inseminate, incubate, birth, educate, and raise those engineers (Laughter), we will have already lost the game. So I'm just wondering if there isn't room for more radical thinking somewhere. And if so, where you may envision that sort of thinking. Thank you.

MS. JARRETT: Well, obviously, what's terrific about the kind of a group that is assembled here and the way that Brookings can convene is to have

that kind of dialogue. And I guess I'd put the question back to you. If you have ways of tackling this that are more innovative, you should come forth with those ideas. Sure, we should have done it 20 years ago, but we're doing it today.

MS. WRIGHT: (inaudible) do that and I will share that information.

MS. JARRETT: Well, and, you know, I'm glad you mentioned startups because even though you didn't ask the question, I want to answer something about startups because it came up again at this meeting we had at the end of the year. And that is what can we do to further incentivize not just startups, but companies who are startups to then take their companies to scale? And are there some steps that we need to take in the regulatory arena to make it easier for companies to start up, but yet not jeopardize the very important rules of the road that are in place to protect investors?

And so if people have ideas of how we can help startups grow, that's something else that we're very, very committed to doing.

MR. THORNTON: Okay. I'm going to bring this to a close. Is there anything else you want to say before you close?

MS. JARRETT: Well, I close the way I opened, which is to say thank you. I mean, the fact that you've devoted this kind of time today -- and for those of you who are engaged in this on a regular basis, we need your enthusiasm, we need your ideas, we need your suggestions, as John said. We also need you to tell us what we're not doing correctly. And this has been an extraordinarily challenging two years and I think the country will be extremely strong again in the future. And it's going to be strong because we're lucky to

have such a vibrant and committed and engaged business and academic and think tank communities. So I just want to thank you and tell how much I have enjoyed being here. (Applause)

MR. THORNTON: So I'm going to close by thanking all of you for coming today. Thanking the panelists in particular, the scholars who put in all of the intellectual content, my co-hosts, Ann; Glenn; Dominic; Steve Denning, who's not here; and Klaus Kleinfeld hidden in the back there. And I particularly want to thank you, Glenn, for putting your shoulder to the wheel and getting this really moving in the way that you have.

Brookings tries to create environments in which civilized conversation goes on and good ideas are discussed in serious ways, and that we certainly achieved that today.

I do think it's pretty clear that -- I think both the diagnosis and, frankly, the solutions are fairly clear. We have an execution problem here. But the truth is that's not going to get fixed by any one president or any one senator or any one congressman. If the people in this room don't actually take it upon themselves to solve the problem, it's not going to get solved. And Ann, very correctly I think, you were musing earlier about do we really have to get to the cliff in order to solve a problem? And can't we kind of break that habit?

And so, I simply leave with a plea and an encouragement that all of you really redouble your own efforts to try to get our country back to where it used to be. We will continue this initiative. We're going to take everything that went on today and go back and regroup and decide what's the next step in this.

But I think we made good progress in each one of these and we thank you all.

And, Valerie, I want to particularly thank you for coming and also for your service to the nation and for all your help.

MS. JARRETT: My pleasure, my honor. Thank you.

MR. THORNTON: Thank you.

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