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PARTICIPANTS:

Introduction:

MARTIN INDYK
Vice President and Director, Foreign Policy
The Brookings Institution

Moderator:

DAVID GREGORY
Anchor, *Meet the Press*
NBC News

Panelists:

KENNETH LIEBERTHAL
Senior Fellow and Director, John L. Thornton China Center
The Brookings Institution

MICHAEL O'HANLON
Senior Fellow and Director of Research, Foreign Policy
The Brookings Institution

ROBERT KAGAN
Senior Fellow, The Brookings Institution

STEPHEN COHEN
Senior Fellow, The Brookings Institution

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P R O C E E D I N G S

MR. INDYK: This is *Meet the Press at Brookings* with David Gregory. I'm Martin Indyk, the director of the Foreign Policy Program at Brookings. And we're delighted to have the opportunity and very grateful to David for doing these monthly events where we get to have a lively discussion of the foreign policy issues of the day.

Today joining David on the panel we have four Brookings scholars from the Foreign Policy Program. I'll introduce you to them as they appear to you from your left to right.

Bob Kagan is a senior fellow in the Center for U.S. and Europe and an expert on U.S. foreign policy, author of several best-selling books, including his definitive work on the early century, the first century of U.S. foreign policy called *Dangerous Nation*. Of course, also well known for his other books, including *Of Paradise and Power*.

Next to him, Mike O'Hanlon, who has the distinction of having published 17 books in his short career at Brookings. We did a count last week and it was 645 journal articles and magazine articles as well. His most recent book is *Toughing It Out in Afghanistan*, and he's just done a very interesting policy paper for us on the question of how it might be possible to cut the defense budget.

Steve Cohen, who is a senior fellow in the 21st Century Defense Initiative along with Mike O'Hanlon, has established himself in

Washington as a preeminent expert on South Asian issues. His latest book, *Arming Without Aiming*, is a book on India's military policy. And he's just completed a study on Pakistan's future which will be coming out at the end of this month.

Ken Lieberthal is the director of the John Thornton China Center here at Brookings and the preeminent expert on Chinese affairs. His latest book on how to do business in China will be coming out in the next couple of months. And his well-known book *Governing China* has now become a bestseller in Mandarin.

So without further ado, I'll hand over to David. And thank you again, David, for hosting this event.

MR. GREGORY: Thank you, Martin, and good morning, everyone. Welcome to our latest in this series. We're in the middle of, you know, a very active news cycle with the horrible events in Arizona and the reverberations in Washington about political discourse, perhaps even gun control. But at the same time, we're also getting ready for the President's State of the Union Address and fights over the budget and government spending and the debt and all of the rest.

But while that's happening, and that might be dominating the news at the moment, the President obviously has a very active foreign policy. And I wanted to try in the course of this discussion with these terrific scholars to create a parallel universe. If you imagine the State of the Union this year would just be dedicated to the foreign policy

challenges of this new year and how the administration is going to tackle them and how they reverberate both within the regions, but really overall to America's position in the world and to the various challenges we face as a country, and that these are scholars who would be advising the President and talking through how to weight these challenges, how to address them, and what the administration perhaps ought to be doing differently. That's where we're going to begin and that is the frame for our conversation, and we'll allow time for your questions as well.

I want to start with Bob Kagan to ask a bigger picture question. If you're convened and you are with the President and thinking about, you know, the big grand strategy in terms of foreign policy, what is the big theme right now?

MR. KAGAN: I think the big theme is strengthening relationships with traditional allies. If you look at the beginning of the administration, the focus was on strengthening relations with countries like China and Russia and there was reaching out to Iran. And there was a general perception in some parts among U.S. allies that the traditional alliances were being downgraded. Now as you look ahead, relations with China are rocky. Relations with Iran don't seem to be improving. I think we're going to head on a downward slide with Russia now after some success in the first two years. And the focus is going to shift -- and it already has shifted in Asia -- to working with allies, like Japan, Korea, India, and others in Europe. I think they'll be more focused on Eastern

Europe. In Iran there's clearly going to be efforts to reassure the nations around them. So I think that in a way we're moving back toward -- a little bit back toward a more traditional -- since World War II a more traditional approach in American foreign policy.

MR. GREGORY: Steve Cohen, you're just back from Pakistan. This is obviously, as the President says, the most dangerous part of the world, and he's been saying that for a couple of years. We're in war in Afghanistan, of course. How much is the grand theme in foreign policy about what is an immediate threat to the security of the United States?

MR. COHEN: Well, the irony is that, as Bob said, as we're developing relations with new allies, like India, that strains our relations with old allies, like Pakistan. And I'm not sure if the term "ally" is appropriate in a sense. The Indians are our partners. Pakistanis were allies, but often differed with us. But I think in the case of Pakistan there's a short-term crisis in terms of their involvement in Afghanistan, a medium-term crisis in terms of their coherence as a state, and a long-term crisis in terms of what they're going to do with their nuclear weapons. And I think on all three of those things, you know, these are critical issues that affect vital American interests, let alone the issue of terrorism.

MR. GREGORY: But Mike O'Hanlon, we have been on a war footing since 9-11, and that really doesn't abate. I mean, there are huge political challenges remaining in Iraq even as we reduce our

footprint. We're going to have the debate about Afghanistan. And at the same time, we face a very real terrorism problem that can explode onto the scene quite literally -- forgive the pun -- at any particular moment. Is that still what's animating the President as he thinks about the year ahead?

MR. O'HANLON: David, I think so. I think he's got -- and let me just mention very briefly on Iraq and then get to Afghanistan, which I think is the crux of the challenges that you mentioned still.

On Iraq, he has a challenge in sort of protecting the victory, in a sense. We're in a much better place than we had imagined possible three or four years ago and he's done a good job, and Vice President Biden, I think, has done a good job of managing Iraqi politics in a quiet way. But, unfortunately, the Iraqis have now reaffirmed the deal that President Bush and Prime Minister Maliki reached in 2008 for us to leave entirely in 2011, this year, with all of our remaining forces. Whether you want to call them combat forces or not, they have a lot of combat capability and they're supposed to leave in their entirety even as big Iraqi issues, including the internal Kurdish-Turkmen-Arab issues in the North have not been resolved.

I think the administration needs to find a way -- to use the famous Washington, you know, non sequitur or oxymoron -- square the circle. We have to find a way to convince the Iraqis to let some kind of international force, maybe a U.N. force with America at the lead, stay

beyond 2011, because I don't think they're quite ready to handle it on their own and we can't afford to lose this great progress. That's the easier one.

The harder one, of course, is Afghanistan. And on that issue I think that the President has done essentially a very reasonable and solid thing with all of his decisions on troop increases. But the bottom line is we still don't know if they're going to work and 2011 is the year you should be able to find out. And I'll just put it more as a question than as an argument. My position is supportive of what he's trying to do, but I don't think you can predict yet the outcome.

I think we should expect overall violence levels to decline this year. And if they don't, we've got to ask some hard questions. The reason I say it like that, and I'm not going to give a quantitative prediction of how much they would have to improve, but we did a lot of clearing last year as we moved forces into new areas. We are primarily staying put now. And so the additional kinetic activity that resulted from putting in more forces is largely over.

Now, of course, we're doing a lot of ongoing operations and there are a lot of ongoing problems, but they should not add up to yet another increase -- yet another year of increased violence.

MR. GREGORY: All right. I want to stop you there because we're going to come back to -- I think, speak a little bit more specifically about some of these areas. I want to stay -- a little bit bigger picture, Ken, as I bring you into this. And maybe this is my own determination to find

this thematic glue for American foreign policy, which may be migrating. As Bob has suggested, I think, the last couple of times that we're migrating away from this kind of singular thematic approach to foreign policy. And is that really where we are as the President approaches this new year?

MR. LIEBERTHAL: I think so. The President faces, first of all, as we just heard, obviously several ongoing wars or major military commitments. My sense at the top of the White House and the foreign policy establishment is those occupy more than 40 percent of the time of the top people engaged in foreign policy. That is a huge burden and creates bandwidth problems for all other issues.

Beyond that I think we have seen some move back toward traditional allies, but a tremendous amount of attention -- and we'll see this highlighted next week with President Hu Jintao's visit -- on trying to adjust to a world where the capabilities of the major powers is changing. So the rise of China, lagging but still significant; the rise of India and of Brazil; greater activism by those countries, so we move to a G20 from a G7 and that kind of thing. I think there's a lot of attention not only to having good traditional relationships, but also to adjusting what we do and how we do it to integrate major new players into the system in a constructive way.

MR. GREGORY: So let's stay with China and get everybody to talk about the China story and how it reverberates around South Asia and, indeed, in the rest of Asia with our relationships. As Hu Jintao prepares for a state visit, this will be a big deal in Washington, what does

the administration hope to get out of this? Are there economic goals or now, you know, military concerns and goals out of this visit?

MR. LIEBERTHAL: Well, there are both. On the military side, the Chinese PLA has been modernizing fairly rapidly, increasingly has force production capability. That is really increasing dramatically the need for our two militaries to get to know each other a lot better, understand what we're doing, why we're doing it, how we look to the future. Militaries are very future-oriented organizations. Buy weapons, start to buy weapons now that they plan to use perhaps 15 years from now, so you need to understand your vision of the future and get some mutual confidence that we can maintain reasonably good relationships as power production capabilities change.

Secretary Gates has just been in China trying to tee that up. That'll be a very significant theme in President Hu Jintao's visit. I think both presidents are trying to get their militaries to engage more consistently and in a deeper and more problem-focused fashion than they've been able to do for many years.

On the economic side, you know, the President is very much focused now on exports and job creation in the United States. China is a major player in both of those. And so the President wants to see the Chinese change -- make significant changes in their own economy and their trade practices to create better room (phonetic) around the world and especially for U.S. efforts. The Chinese want to see America to undertake

the necessary reforms here because they have a tremendous interest in the vitality of the U.S. economy. So I think we'll see both sides working to increase their understanding of what the other is doing and figure out how each can encourage the other to make the changes both sides recognize is necessary, but are politically difficult in both countries.

MR. GREGORY: Steve, weigh in on this in terms of China's importance, particularly in South Asia.

MR. COHEN: Well, you know, if you want to be a great power, you have to have a great enemy, and the Indians no longer regard the Americans as the great enemy. They've sort of abandoned that. So they're looking around for a great enemy and it's China. There's a new upsurge of interest in India with China as a threat. And the Chinese support for Pakistan confirms in the Indian mind China's antagonism towards India.

I think from a Chinese perspective, they like to see Pakistan -- they like to support Pakistan, they like to support North Korea because this keeps off balance their regional rivals: India and Japan and South Korea. But it puts us in a difficult position because we're trying to be friends, if not allies, with two countries in South Asia: Pakistan and India. And the closer we are to India, which I think makes sense and is logical, the more concerned the Pakistanis are. And every Pakistani army officer I talked to, you know, over a period of a couple of weeks said, well, you know, your new alliance with India -- they call it an alliance -- is proof that

you've chosen India over Pakistan, which isn't true.

In a sense we're trying to have a bifurcated policy in South Asia: India for some things, Pakistan for other things. But as long as they remain major rivals with each other and there's genuine issue between them -- Kashmir being one of them -- in a sense this puts us in a difficult position. I don't think this administration or any administration has thought about this.

MR. GREGORY: Bob Kagan, are there specific goals that make this a successful visit with Hu Jintao?

MR. KAGAN: I mean, I'm sure they'll find some language to make this look like a successful visit. I'm not sure it's going to look like a successful visit, however. And a lot of it has to do with the sort of symbolism going into it.

For instance, the Chinese revealing that they're working on the stealth fighter and showing a picture of it, putting it up on the web. I mean, no country is more obsessed with issues of face and symbolism than China, and I suppose we're supposed to think it's an accident that this happened on the eve of this trip. It seems to me that the message that's being sent and that's being received is we're in an arms race with China. Now, this isn't actually news, but a lot of people haven't focused on it yet. This is going to have large implications not only for the relationship with China, but for our defense budget, for our overall strategy.

And, you know, I don't know whether this is a this-year problem, although I think it might be, but we're now balancing conflicts ongoing in Iraq and Afghanistan with an increasingly obvious Chinese military challenge. The weapons that China's developing are designed to keep the United States from gaining access to a region that we consider to be a vital interest.

And so I don't expect this trip to begin to solve that problem. I wonder whether there are some people who wish that Hu Jintao was not coming exactly right now. The timing is not obviously great. I would expect basically a negative impression to come out of this trip.

MR. GREGORY: Mike, this thing is a particularly interesting area, which is the projection of U.S. power in the Pacific. I mean, this is a very important part of our force strength and our posture in that part of the world and yet, as Bob is suggesting, this is an area where the Chinese increasingly want to put the U.S. on notice about sort of blocking those efforts, right?

MR. O'HANLON: Yeah, a couple of things to say, David. First of all, it was probably no accident, or it may not have been, that the J-20 flew just as Gates was in the area. It's also no accident Secretary Gates has been in Japan and that he's trying very hard to make it clear to the Japanese government and to the Chinese government that we're not going to have another U.S.-Japan fight over a small issue like where to reposition an airfield in Okinawa. We're going to get back to

fundamentals. The fundamentals here being stability in East Asia and dealing with a Chinese challenge. And so I think, you know, that's an important message that's being sent, not coincidentally in regard to either the J-20 flight or the Hu Jintao visit.

But I would also point out, as we sometimes worry about the growth of the Chinese defense budget, and we should keep a very careful eye on it -- I agree with Bob -- but let's not forget that the investment gap between the United States and its allies on the one hand and China on the other is huge. The Chinese are starting to catch up in the annual defense budget to some extent, meaning they're only about -- you know, they're one-fourth or one-fifth our level now. But if you take the last 20, 25 years, the investment period during with militaries buy and keep equipment, we have outspent them by something like 5 trillion to a couple hundred billion in terms of investment cost, acquisition of weaponry over that period of time. So we're way ahead.

Now, some of the scenarios that could be of concern are much closer to their shores than to ours, so they have benefits that compensate, to some extent, geographically. But it's a complex picture. I just wouldn't want people to worry that somehow we are all of a sudden, you know, being outdistanced by Chinese military modernization.

MR. GREGORY: Ken, your response here?

MR. LIEBERTHAL: Well, I just think we have to step back a bit and put this in a little broader framework. U.S.-China relationship has

almost nothing to do with the former U.S. relationship with the Soviet Union when we had a real arms race going on. We are highly interdependent with the Chinese economically. The Chinese throughout Asia are a major economic player. There is no Asian country that wants to terminate that. We run some risk of -- in our robust response on the diplomatic and security side, that we end up basically picking up the cost for Asian allies on their security side while the Chinese are picking up the money on the economic side. It's not a position we want to end up in.

And it is natural that China will grow its military over time. It increasingly has foreign policy interests and dependency on importing energy and things like that. Obviously they're going to grow their military. How much they grow it and in what areas is going to depend in no small part on the nature of our relationship with China. This is not a predetermined set of outcomes, so it can become very bad or it can become not so bad.

There's a lot of room for effective diplomacy here and I think President Obama is very keenly sensitive to that. And by the way, I think Hu Jintao is, too.

MR. GREGORY: Bob, let me bring in one other point on this, speaking regionally about North Korea and what all of this means for China's cooperation there.

MR. KAGAN: Well, obviously the administration is dissatisfied with China's cooperation on North Korea, as well they should

be. China has the greatest leverage over North Korea, has its own interests and we need to recognize what those interests are. It doesn't have an interest in the collapse of the North Korean government. It doesn't have an interest in the unification of the Korean Peninsula in what would be effectively a more U.S. friendly situation. On the other hand, I don't think it's in China's interest to so unnerve the United States and its allies in the region that, you know, that you wind up getting a big increase in American military presence just to deal with the North Korea problem because that impacts on China, too.

But the question is -- and, I mean, just getting to Ken's point, I mean, it begs the question what are the Chinese doing? We can say that, you know, things ought to work out between the United States and China. We don't have to have an arms race. And yet it was the Chinese who decided to send this signal while Gates was in China and on the eve of this Hu Jintao summit. And the question, it seems to me, is why? What's their plan? Are they trying to --

MR. LIEBERTHAL: It's also a question of which Chinese sent that signal? Hu Jintao evidently didn't know the signal was being teed up.

MR. KAGAN: Well, this is --

MR. GREGORY: A lot of people don't understand that dynamic. Was he unaware? Is he unaware what the military is doing?

MR. LIEBERTHAL: I think it's very likely that he was

unaware of this and --

MR. GREGORY: Is that good news or bad news? I guess that's my question.

MR. LIEBERTHAL: It's very mixed. No, absolutely, it's an important point.

MR. GREGORY: Yeah.

MR. LIEBERTHAL: But you need to keep in mind Hu Jintao does not have the equivalent of a Bob Gates and an office of Secretary of Defense and a National Security Council. None of that exists in China. Hu Jintao runs the Chinese military and he's the only civilian in the Chinese military hierarchy. The vice president has just been added as a number two. Otherwise, it's the equivalent of President Obama being the commander-in-chief and dealing directly with the Joint Chiefs of Staff with no other civilians around. How much time would he have to deal with it?

MR. GREGORY: Steve?

MR. COHEN: I'd like to ask my fellow panelists, especially Mike, who knows a lot about nuclear weapons, does the fact that all of the countries we're talking about -- China, the United States, India, Pakistan, and, of course, Japan is an ally of a nuclear weapons state -- the fact that they are a nuclear weapons state does that dampen down the issue of conventional arms races? Does it matter that much if China gets more conventional weapons -- when we have nuclear weapons and they have nuclear weapons we're not going to escalate to a major war -- and the real

competition is taking place in the economic realm and the political realm?

MR. O'HANLON: It's a fair question, but I think, also, that the plausible -- this is both worrying and reassuring simultaneously -- the plausible stakes over which we would fight, which I think are -- you know, it's a low level of plausibility, but it's not zero -- are over specific territorial issues that are disputed. It's not over whether, you know, China's going to invade Japan or even Korea. That's slightly more thinkable, but probably almost beyond the realm of the plausible itself.

But, you know, there are enough issues in the sea beds, and Taiwan, of course, is the paramount one, that I do worry that people could feel that there's a safety in fighting conventional war beneath a nuclear threshold that's never going to be deliberately approached by anyone. And, therefore, the world is, in fact, still safe for limited-stakes conventional warfare. I can't rule that out.

MR. COHEN: That's what the Indians and Pakistanis are doing, they're looking for ways of funding limited war as we did with the Soviets.

MR. O'HANLON: There is a history that goes back before the Cold War actually. The Cold War should not be our only -- is this the Cold War or is this not the Cold War? And I think the possibility of precisely limited conventional wars is an untested question. But we may be back to, unfortunately, that kind of behavior.

There were a lot of positional wars in the 17th, 18th, and

19th century that were short of all-out war. And so that -- you want to know what's possible? Look at what governments are doing. We are spending a lot of money on conventional weapons. The Chinese are spending money on conventional weapons. The Indians and Pakistanis are. So I think that that is precisely -- we can't guarantee that nuclear weapons are going to solve this problem.

MR. GREGORY: Steve, I want to stay with you and I want to talk about Pakistan, where you spent time in the fall. If the overarching question in that region is what's going on in Pakistan, can the United States prevail in Afghanistan if we don't figure out the answer to that?

MR. KAGAN: Probably not because every American study I've seen by the government indicates that Pakistani support for the Afghan Taliban are one of the critical factors; the other, of course, the integrity of the Afghan government and our success in counterinsurgency. So I think we need Pakistani cooperation in doing well in Afghanistan. I won't say winning, but at least doing well in Afghanistan. But the Pakistanis are reluctant to provide cooperation until they get an idea of what the endgame is. They're not quite sure what our goals are in Afghanistan, whether we're going to do a deal and get out, leaving them holding the baby. From their point of view, and I think it's a legitimate point of view, we have bugged out of South Asia time and time again, leaving them with the problem. Sometimes they're partially responsible, but I think that's a legitimate concern of theirs, especially with the army.

And I don't know if we know what our end goal is in Afghanistan other than to get out gracefully. But Mike's a greater expert on that than I am. But the Pakistanis are deeply concerned about this, so, therefore, they support groups in Afghanistan while they're being attacked by other groups in -- Pakistanis and which are threatening the integrity of the Pakistani state, which I think is a greater problem for them and for us in the long run.

MR. GREGORY: Mike O'Hanlon, what is the endgame?

MR. O'HANLON: Well, the simple goal that we're trying to achieve in Afghanistan is to create a strong enough Afghan state that they can control their own territory. And I think anything else beyond that is nice to do, but not essential.

MR. GREGORY: No more failed states. I mean, we've seen that movie. We can't allow that.

MR. O'HANLON: Unfortunately, saying that, of course, is not only easier than doing it, but it begs the question of how close do you need to get to that goal to be successful. Because we can't, with 100,000 Americans and 40,000 more NATO, we cannot control all of Afghan territory clearly right now, partly for the reasons that Steve's just mentioned. And, therefore, the Afghans aren't going to be able to do it themselves completely even after three or four or five more years of help. So it's going to be an issue where people have to reach their judgments. And the Pakistanis are going to have reach their judgments about whether

they think that we will stay long enough to do the job pretty well and then whether whatever standard we achieve is going to be high enough.

There's been progress on this front, I think, at least psychologically. And the Lisbon Summit with NATO coming together and saying we are going to stay through 2014, that's the number to focus on, the year to focus on, not 2011 and the beginning of the drawdown. Unfortunately, that was overdue by a year that clarification. And then the Pakistanis are still going to have their doubts because of the history that Steve's alluded to.

MR. GREGORY: Bob, let me bring you into this. Part of this endgame is not just about, General Petraeus says, an Afghanistan that's good enough, which presumably means a central government that is capable enough of having an armed forces that can protect the country, capable enough at some of the governance questions. But there's also the issue of the Taliban is not going away. The United States is not going to prevail over the Taliban. The Taliban will be part of the future of Afghanistan in some way. So what's that balance like in order to keep the Pakistanis onboard and not have Afghanistan blow up?

MR. KAGAN: Well, I think Petraeus has made it clear that any endgame is going to include incorporating Taliban in some kind of ultimate settlement, but it's also his position -- and I think he's absolutely right about this -- that the Taliban are not ready to make that kind of deal at this point. And the only time they're going to be ready to make that deal

is when it becomes absolutely clear that they're getting beaten back and that's their best option. Right now they think, like everybody else thinks, the U.S. is on its way out. What is their line that they've got, you have the watches, but we have the time, that they say to interrogators? They're going to have to be convinced over the next year that they don't have time -- or the next year or two that they don't have time, that they really need to make a settlement.

Similar things happened in Iraq. There seemed to be very -- you know, there seemed to be groups in Iraq that it was impossible to make a deal with. And ultimately, they have been incorporated, or at least some fragment of them have been incorporated, into the political system. But this requires -- and people don't want to hear this -- this requires military success first. Then you have the capacity for political settlement.

MR. GREGORY: Steve.

MR. COHEN: Yeah, the irony is that if the Taliban are included in an Afghan settlement, then the Indians are upset and the Iranians are upset, and they might turn to military force or supporting groups to make sure that that settlement is not achieved. You wind up with a situation like Bob Blackwell proposed, essentially the partition of Afghanistan.

MR. KAGAN: There's no good solution here, but I think that -- you know, I think that if you could get to the point where the Taliban felt like it was beaten back and ready to make a deal, that nobody's going to

be totally happy with the situation in Afghanistan, but that is a reasonable endgame.

MR. GREGORY: We're a couple of minutes away from including the audience here with questions, but, Ken, we've talked about some of the issues that the President is going to address in our sort of mock foreign policy-focused State of the Union. What else is not on that list that he is going to be confronted by this year or that he needs to deal with? We haven't talked in detail about Iran. We haven't talked about a relationship with Israel and the question of the peace process. Sudan is another one that's come up. What else -- if you're advising and say, hey, you got to include this on your list of challenges to really address here.

MR. LIEBERTHAL: Well, the ones that I would really prepare -- among the ones that I would prepare for, probably the most dangerous is potential developments on the Korean Peninsula. And, you know, there is a succession occurring in North Korea now and with that type of system succession inevitably runs the risk of major instability. And if there's a breakdown of stability on the Korean Peninsula, as of now we have not really worked carefully with the Chinese, and neither have the South Koreans or Japanese, as to what the response would be. What would the People's Liberation Army do on the North Korean side of their border? What would the ROK forces do? What would U.S. forces in the region do? And the potential for inadvertently everyone getting into a very dangerous situation, that potential is pretty high and we haven't found a

way to talk about it.

MR. GREGORY: Yeah, Bob.

MR. KAGAN: I just want to say, much to everyone's surprise, I think we're going to see an increasing focus on the issue of democracy in American foreign policy. I mean, Obama in a way foreshadowed this in his U.N. G-8 speech, which he devoted about a third of which to talking about democracy. Secretary Clinton just gave a speech in Doha putting pressure on some Arab governments, clearly with Egypt in mind, maybe with Tunisia in mind. I think Russia is going to turn very much into a human rights and democracy issue as we move toward WTO and whether we're going to lift the Jackson-Vanik, with the Khodorkovsky trial, the arrest of Nemtsov.

I think that, you know, although people thought that Obama was going to abandon the whole democracy agenda because Bush had poisoned it, I think you're going to see an increasing return to that issue. And it fits in with some of these relationships. Greater attention to India as a democratic ally, I think that's going to be a bigger issue than people think.

MR. GREGORY: Interesting. Steve?

MR. COHEN: Well, the irony is that in India's relations with a number of countries democracy's not a big issue. They like to use the term in dealing with us, but not in terms of, say, dealing with Burma and so forth. And, of course, the more we stress democracy, the more the

Chinese become puzzled because this is not something they would advocate for, say, Pakistan. In Pakistan, they're interested in a stable government, whether it's a military dictatorship or not. So if they do go down that road, there's going to be some repercussions.

MR. GREGORY: Mike, you want to add anything?

MR. O'HANLON: No, I think they've done it all.

MR. GREGORY: That's about the issues (inaudible). Let's turn it over to some of your questions. We've got microphones coming right down.

Is that -- right there, yes, on the -- yes, sir. You, sir. Yeah, go ahead.

MR. CHIBA: Thank you. Akira Chiba, Japanese Embassy. I've got a question for Dr. Lieberthal concerning the situation in the West Pacific.

It's been 70 years since you had a major war in the West Pacific, and back then the Japanese Imperial Navy wanted to expand its sphere. Seen from the Japanese perspective that made perfect sense, but this supposedly perfect sense resulted in a bloody war, and today we know that something was very, very wrong about it. Now, when you look at the situation today, we see some certain parallels. And one thing that is not a parallel is that back then we did not have a viable alliance in the region; today we do. Now, what lessons can we learn from history?

MR. GREGORY: You have 30 seconds, Ken. (Laughter)

MR. LIEBERTHAL: I have 30 seconds to think about it or answer it?

MR. GREGORY: Yeah, right.

MR. LIEBERTHAL: You know, the world has changed, obviously, dramatically. But to me probably the major lesson and the framework that you raised is that you really have to always seek to understand not only your own interests, but how the other major players you're dealing with see their interests and how they see the world, and figure out a way to talk to them in terms where it resonates with them as well as you. There are going to be some irreconcilable conflicts always out there, but very often the problem is that folks do not, just do not have a grip on what the situation looks like from the other side, and so they end up talking past each other and really can't ameliorate tensions to the extent that is otherwise feasible.

MR. GREGORY: Yes, ma'am, right here.

MS. COATES: Good morning. I'm Lindsay Coates from InterAction, which is the largest platform of U.S.-based NGOs that do humanitarian and development work overseas. I've been struck listening to Anne-Marie Slaughter, talking about the QDDR over the last few weeks, by her statement that foreign policy professionals and the U.S. Government need to be as up-to-date and conversant with development issues as they were with arms control issues in the 1980s. I'm particularly struck listening to this panel, though we have discussed China and India

where there are large populations of very poor people, and discussed an administration which has had its first review of development policy and a first across-government development policy, that there's been no comment on that. So I'm assuming that's an oversight and I'd like to hear what you want to stay on that topic, particularly as it relates to some of the key nations you've been discussing.

MR. GREGORY: Go ahead, Steve.

MR. COHEN: I would say that in the major crises that we've experienced, including, as mentioned earlier, the Pacific War, the war between the U.S. and Japan, it wasn't poverty that caused the crisis. It was hyper-nationalism. And you see hyper-nationalism on the rise in China, you see it perhaps on the rise in India. In a sense when the leaders and elites and the middle classes -- not the poor, but the middle classes -- decide that there's a big grievance out there that has to be settled their way, not another way, then you get in trouble. And that applies to the U.S. in all countries in a sense. Hyper-nationalism I think is a greater threat to order and peace and actual economic growth than poverty.

MR. GREGORY: Anybody else on that? Yeah, go ahead, Ken.

MR. LIEBERTHAL: Just, you know, there's this image of China now increasingly in the U.S. as the Chinese are 10 feet tall. Right? They got through the economic crisis, sailing along and so forth. And the

reality is if you look at China, it ranks well above number 100 in the world in terms of per capita GDP. In other words, there are more than 100 countries that have a higher per capita GDP than China does. There are probably -- the way to think about China, to my mind, is that you have about 500 million people who are in a reasonably modern society and they're surrounded by about 800 million people who are truly in a developing country, you know, a very poor developing country. And as the Chinese leadership sees their country, their major tasks are in no small part managing the interplay between that 800 million and the 500 million, and gradually moving more and more people into the 500 million side of it.

We tend to underappreciate the magnitude of the task in China -- and I would argue in India, too -- of absolute poverty and the enormous disease and other kinds of issues associated with that, number one. And number two, one of the biggest challenges out there for the globe is going to be the average Chinese, the average Indian, the average Brazilian, et cetera, now consuming far more resources as we go forward than we have ever thought before in history. And that's going to create global economic shocks, frankly, that are going to be some of the dominant foreign policy issues of the future.

MR. GREGORY: Steve, can you comment on the development challenges, particularly in Pakistan and Afghanistan, and how they relate ultimately to whether governance can take root and to

whether a central authority has any real shot when you're dealing with, you know, poverty and education issues on those levels?

MR. COHEN: Well, I think that in the case of Pakistan -- I'm not an Afghan expert -- in the case of Pakistan, although a case may be worse in Afghanistan, what we've seen is a decline of the state of Pakistan, the integrity of the state. And I think this is causing great problems in Pakistan. The Pakistan government fomented and created some of these extremist groups. Now they can't control it. In Afghanistan, there never was a coherent state, so that's probably a bigger factor than simple poverty. In fact, in Pakistan, you have a new middle class, but that middle class if being threatened by a huge amount of inflation. And that middle class could then lead the country into a dictatorship. So I think that economics do play a role in this.

But the absence of a coherent state in Pakistan, the (inaudible), the Pakistani state -- whether it's the judges, education, the economy, and so forth. Even the military has lost some of its integrity. I think this is a bigger problem that the Pakistanis face. And, of course, the Indians are concerned about this as well.

MR. GREGORY: Next question. Yes, ma'am.

SPEAKER: Thank you very much. I'm the ambassador of The Netherlands. And I didn't hear the word "Europe" and I didn't hear the word "Middle East." I wonder if you've all given up on Europe and on the Middle East or just for the year 2011. Thank you.

MR. GREGORY: Bob talked -- he talked Europe. I heard Europe. I heard that pass his lips. Go ahead.

MR. KAGAN: Anyway, if we're not talking about Europe as a crisis, isn't that a good thing? (Laughter) I mean, you know, the good news is we're not talking about Europe.

Well, I'll say a word about Europe. I don't know if anybody wants to jump in on the Middle East. I mean, I think that there is a perception in Washington, I don't think there's any denying it, that Europe is just not a robust partner for the United States, especially if the focus is on Asia, which is far from Europe and the Europeans consider it far from Europe, too. So I think that's understandable. And this is notwithstanding the forces that Europe provides to the effort in Afghanistan, but just the perception that Europe is not playing a big role as a big power as much as many people might have expected it to.

Now, I happen to think this is a mistake and that the United States should be paying more attention to Europe, and that as part of sort of re-establishing a kind of international order that favors all of us, Europe and the United States do have to stand shoulder to shoulder and that we shouldn't make the mistake of saying, well, Europe's not part of this rising Asian, you know, juggernaut, so, therefore, it's not important.

However, I would also say, and I'm sure you would agree, Europe has to present itself also as an effective partner. And I think that no one's more conscious of the difficulties of doing that than Europeans

themselves, not only because of the economic crisis, but because of the inability of Europe really to come together as a force. People say it'll take 10 or 20 years. That's great, but the world goes on for 10 or 20 years. So it's a real challenge that I think we should not miss.

MR. GREGORY: Steve, did you want to add something on the other aspect of it?

MR. COHEN: No.

MR. GREGORY: Okay. Yes, sir.

MR. MITCHELL: Thanks. Gary Mitchell from The Mitchell Report. I want to come back to David Gregory's notion about a theme and come at it from a different point of view. In an earlier panel, when Bob Kagan and Mike O'Hanlon were discussing the defense budget, Bob raised an interesting question which was relative to whether the defense budget can or should be cut. How much is the preservation of the liberal Democratic world order worth to us as a nation?

And my question is, is that question -- does that question come to the one that David is raising about whether there is a theme here as opposed to a sort of country-specific or region-specific theme? And to what extent is the question that you raised the same as or different than the sort of promotion of democracy per se? I'm trying to understand what -- how and in what ways those two notions or themes might be different and which really should be guiding the foreign policy ship of state.

MR. KAGAN: Yeah. Well, look, I mean, there's two

elements of what the theme is and -- I think actually is and also ought to be, which is what is the place of the U.S. in the world today? I mean, that was a real question, I think, in this last election and when President Obama first took office. Are we going to -- is the United States going to be one of many equals? Are we going to create a kind of super international system that's G-20 as opposed to this alliance-based security structure that we had since the end of World War II? And is the U.S. in decline? Do we have to sort of pull back, et cetera, et cetera?

And my sense is -- and others on the panel may disagree with this -- that the administration has actually returned to the idea of -- the Clintonian phrase is the "indispensible nation," that the United States really is the critical player, has the capacity to be that. One of the things that President Obama has done has improved America's capacity to act because the image of the United States is better. But now that you do that, then you say, okay, act to do what? And the goal is, I would say, to revive and strengthen this international liberal order.

Now, that has implications. It has implications as to whether you're going to be focused on your G-20 world -- I think there's a certain amount of disappointment so far with the G-20 concept; it doesn't seem to be quite jelling -- or whether you are going to focus on strategic relationships, whether they're alliances or otherwise, with the nations that share the commitment to this liberal international order, which is liberal economics, free markets, democracy, a certain kind of security

environment. And I think that is the theme. And honestly, I think that is where the administration is heading.

And then the big challenge is how do you fit China into that piece? How do you fit Russia into that piece?

And I'll just -- one more second. On the issue of what does that mean for democracy promotion, right now the issue is less democracy promotion, although that's important, than democracy preservation. We see places where democracy is eroding, like Ukraine. We see places where there is an opportunity to move toward democracy, like Egypt, if it sees. And if it's not, we may face difficult problems.

So it's not about, you know, a crusade at this point. A lot of it is about consolidation and democratic solidarity.

MR. GREGORY: Steve, did you want to make a point?

MR. COHEN: Yeah. I think the WikiLeaks show that American diplomacy and American diplomats are vitally concerned about a whole range of this issues and they're sort of built into our DNA as Americans that we are not necessarily going to impose democracy elsewhere, but if we can foster it or support it and support human rights, this is something we just do as Americans.

MR. GREGORY: Mike?

MR. O'HANLON: I would just want to add the broad point that we have to be careful at this moment in history not to confuse defeat with success. People look at us and say we're declining. I don't think

we're declining so much, although there are areas we have to get stronger and better, including deficit reduction. But other countries have done well and they're generally countries that are friendly to us, and that is partly a result of deliberate American post-World War II strategy. We built an international economic and security system to allow people to thrive with the theory being that that would actually work to our own long-term interests.

And to quote one of our colleagues, Bruce Jones, who's invented this term that I like very much, in a sense we've become now the largest minority shareholder in the new international system. We shouldn't confuse ourselves and think we can dominate any longer if, frankly, we ever really did, and I'm not sure we dominated very long at any point in history. And I would much prefer the problems of today to those of the Cold War, by the way. But as Bruce Jones says, we've got to make sure we think in terms of building coalitions, but we still are, far and away, the most important country, whether you want to Madeleine Albright's term or not, we are easily the largest minority shareholder in the new international system.

MR. GREGORY: I'm intrigued by that. Do others agree that you'd rather have the problems of today than the problems during the Cold War? Anybody disagree with that?

MR. KAGAN: I think that we may wind up feeling that the problems that are ahead of us are going to be worse than the problems of

the Cold War, but I do agree with Mike that we shouldn't look back on the Cold War as this wonderful period where we dominated everything. That's absurd. But I think that, unfortunately, we're back to a world of great power rivalry, which can be a more complex world than the Cold War.

MR. GREGORY: Let's go into the back. Sir, yes, in the back.

MR. ROWSON: My name is Dick Rowson. I'm with the Council for a Community of Democracies. I was struck by Bob Kagan's remark about the new importance of democracy can potentially play in a strategic approach to our foreign policy. The Council has worked of the last 10 years to try and get the Community of Democracies to do something. It's 120 nations and it's a very unwieldy group. But there has been one specific proposal that came out of this city from the now-foreign minister of Poland, Radek Sikorski. He argued in a paper he wrote just before he went back to Poland that the Community of Democracies is a means of making the United Nations a more effective group if the democratic members thereof would work together as a group. There has been an effort to set up a U.N. Democracy Caucus for this purpose.

The question is, is there really a strategic role for this community in resolving this problem of what kind of a liberal internationalist group of nations we wish to achieve in our foreign policy?

MR. KAGAN: Well, I mean, one of the problems you run into and that I know that everybody's dealing with in one way or another is that

some of these new emerging democracies -- and Steve made reference to this -- don't necessarily has democracy as their number one agenda. In the case of India, the most obvious instance is the question of Burma, you know, where they feel for their own vital interests that they would prefer to support this military government than to press for some kind of change which might redound, they fear, to the benefit of China. And if you look at Brazilian foreign policy or Turkish foreign policy, you don't really see that kind of democratic solidarity. A lot of them feel like they're still part of, you know, a non-aligned movement as opposed to democratic nations.

I think the task for us and for Europeans and for others is to gradually -- is to try to embrace these rising democratic powers and try to make them -- try to help them understand how important it really is. And I actually think a country like India is going through some serious thought processes about this. I mean, when I was in India recently, I heard more talk about wanting to work with the United States and come up with a common policy toward Burma. So there's an element of trying to help these countries identify themselves as democracies, not just as rising powers.

MR. GREGORY: But, Mike, to that point, to follow your own line of thinking, which is America's the largest minority stakeholder in this international system, how does it then move a system in an emerging -- you know, a Turkey, for example, to see its own place in the world more like the United States?

MR. O'HANLON: Yeah, it's a great question. The first thing to say is it's case by case. The second thing to say is I'm a little nervous about really emphasizing democracy categorically across the world because working with China is the number one new challenge. Well, it's not a new challenge, but it's the new priority. And China's going to take this as a threat, I believe, if we use too much democracy-laden language. So I support using it selectively, let's say in regard to Egypt, putting more pressure on Egyptian friends to take the next step that they should, but I'm nervous about it in other places and I think it can be problematic.

The Turks have a fairly respectable democracy, but, of course, it doesn't keep them from doing some things that we don't find all that helpful. On balance, though, I think Turkey's a wonderful partner for the United States and what we have to do is listen to them and some of their specific concerns. They're a little unrealistic, I think, about breaking the siege of the Gaza Strip in the short term. That's one place where we're going to have to agree to disagree for a while. But they're doing great things in Iraq. They're getting along with the Kurds in Iraq in a way that I never anticipated. And so I think that's just an example of where you have to be, frankly, break the problem down, case by case, country by country.

MR. GREGORY: But is it true, Steve, that the previous administration's contention that, you know, look, democracies don't go to war with one another? I mean, is that true that a commitment to

democracy today is going to necessarily mean that?

MR. COHEN: That's an academic theory that's actually inaccurate. Democracies sometimes do go to war with each other, but when they go to war with non-democracies, the war is more ferocious than otherwise in a sense. It's not necessarily a desirable thing.

I think that in dealing with the Chinese we could make the case that, in the case of Pakistan, for example, democracy will provide stability for Pakistan that a military dictatorship would not. I think if you turn the argument, make it in practical terms, even the Chinese would understand it.

MR. GREGORY: Ken, you want to make a point?

MR. LIEBERTHAL: Well, just almost an academic point. I think the literature indicates that newly emerging democracies tend to be more bellicose than either mature democracies or dictatorships. And so, you know, just saying democracy or not democracy kind of misses a lot of the dynamic out there.

MR. GREGORY: Okay. Sir, over here.

MR. LIEBERTHAL: Let me add one thing, by the way. I'm sorry.

MR. GREGORY: Yeah.

MR. LIEBERTHAL: That has potential importance if China begins to really democratize.

MR. GREGORY: Okay.

SPEAKER: (inaudible) International Affairs. I'd like to ask a question to Mr. Kagan and also to the other panelists concerning the renewed U.S. commitments and democracy and the right of man in 2011. What about Guantanamo?

MR. GREGORY: Specifically should it be closed and where we go next. Yeah, who wants to take that on?

MR. KAGAN: Go ahead.

MR. O'HANLON: Well, I think on Guantanamo, first of all, to President Obama's credit, he's been pragmatic on this and it's one of a number of issues in foreign policy where maybe it's just a natural dynamic of becoming president as opposed to campaigning for it.

MR. KAGAN: Right.

MR. O'HANLON: He recognized there are a few dozen tough cases --

MR. GREGORY: Well, I think I need to stop you. I mean, he may be pragmatic about it now. He was not pragmatic when he came into office and signed an Executive Order saying it will be closed in a year --

MR. O'HANLON: That's fair.

MR. GREGORY: -- without a plan.

MR. O'HANLON: That's fair. He's made mistakes and that was one of them. But I think that -- I begin with broad principles that we need a way to do detention of certain people for a long time, but we also

need internal review processes to make sure that someone within our government is their advocate just in case we made a mistake. Now, whether it -- and that fundamental point has been missed for so long, or at least was missed by much of the early years of this process, that we've now confused the world and maybe ourselves. You know, sometimes you can't try people in criminal court. Sometimes you can't follow procedure X, Y, or Z because you might release very dangerous people.

And let's not forget that a lot of the people we have released have proved to be very dangerous thereafter. There has been a lot of return, you know, in a negative sense, a lot of, you know, people who have been now attacking us again for a second time or a third time. So we need a way to hold people indefinitely.

Guantanamo is also a geographic location where we try to apply this notion that we can control it, but it's not American territory. That's been too clever by half from the start for my taste. Unfortunately, we can't get American lawmakers to accept a detention facility on American soil, which is where it should occur. And then there should be a legal process to create internal review of these people, but not have to use the court system.

MR. GREGORY: Okay. We've got time for one more question. Sir, on the corner there.

MR. WEINTRAUB: I'm Leon Weintraub, University of Wisconsin. We haven't heard any of the panelists other than right now

speak about this hemisphere. I was wondering in talking about Iran, which was one of the problematic issues, I was wondering if Iran attempts to strengthen relations with Hugo Chavez in Venezuela, state visit in Brazil, if this is going to be simply an irritant to the United States or could this raise much more serious problems?

MR. GREGORY: It's a good question and also this question of the broader -- these non-aligned countries. And, you know, we see a country like Brazil and Turkey trying to, you know, forge their own diplomatic path on Iran. And somebody want to address that?

MR. KAGAN: Well, there's nothing new about countries around the world forging a different path than the United States forges. We had Oscar Arias forging a different path in Central America. We've had European forging a different path. I don't think that's the issue.

But on the issue of there were links between Chavez and Iran, for instance, I think that, first of all, that is a concern, it ought to be a concern. There is some possibility that Venezuela's interested in itself building a nuclear weapon, which would certainly have interesting implications. Venezuela and Colombia are always sort of in a potential situation that could lead to conflict. And Iran's relationship raises, I think, legitimate questions as does the presence of potential Hezbollah, you know, organizations in Mexico, which, you know, haven't been activated, but are there and will increasingly, I'm afraid, be something to worry about. Every foreign external power that is in a competition with the United States

has always looked to Latin America and the Western Hemisphere as a potential way of hemming the United States in.

But I do think it draws -- one final point, it draws attention back to this issue of whether we're better off with more democracies or not. I don't think -- it's not a coincidence, comrade, that Hugo Chavez, who has the strongest dictatorship in Venezuela, has a much better chance of being really good friends with Iran than he will ultimately with Brazil or even Turkey and certainly with other democratic nations. That's why I think this issue of democracy is relevant, including in strategic ways.

MR. GREGORY: All right. Anybody else with a final point? We're good?

We're going to leave it there. Thank you all. Have a good day. (Applause)

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