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ADDRESSING A DIVIDED CONGRESS

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PROCEEDINGS

MR. TALBOTT: Good morning, everybody. It's my pleasure to welcome you here to Brookings. Thank you for braving the elements and the fire in the metro and other things in order to be with us. A special welcome to Ambassador Pekka Lintu of Finland, a good friend of many of us here and a good friend of the Institution's.

As we all know, the State of the Union Address has taken on a kind of ritualistic quality over the years, not least because it's predictable, it's an annual event, but some years it gets and, in fact, deserves more attention than at other times. And that's especially the case when the President or the nation is in trouble, and I think it's fair to say that both are the case now. So that's why there has been and will continue to be extra focus on last night's speech and the reaction to it.

I don't know if all of you were struck as I was by the degree to which the color commentary before the speech featured a great deal in the way of comment and visuals on the breaching of the aisle by various members of Congress to form odd couples of one sort or another. This was a nice symbolism, and it may be even more than that. It may augur a degree of comity and civility in our national political life that have been sorely missing for the last couple of years. We'll see.

Still, that, of course, does not change the fact that President

Obama, in his capacity as the Chief Executive of the nation, was speaking on behalf of a divided government. He was addressing a divided Congress. He elicited responses, plural, from the Republican Party that suggests that the Republican Party is not entirely unified. And he was, of course, trying to unite our society and our polity that have been polarized to an extent that has jeopardized the efficacy of our system of government and the health of our democracy.

I would point out that in the course of his speech, he focused quite a bit on the need to grow the economy and create jobs through innovation, which is a theme and an area of research that we've spent a lot of time here at Brookings on over the past year, and we've been doing a lot to engage both public officials and the private sector.

Our panel this morning is going to be moderated by Tom Mann, known well to all of you, a senior fellow in our Governance Studies Program. And he will be leading a conversation with Bruce Katz, vice president and director of our Metro Program here at the Institution; and Alice Rivlin, a senior fellow in Economic Studies and also a member of two national commissions dealing with the issue of the federal deficit. And then Bob Kagan, a relative newcomer to Brookings, and we're very proud to have him with us. He joined Brookings just this past year, and you all know him, of course, in many connections, including his monthly column in the *Washington Post*. So, Tom, over to you.

MR. MANN: Strobe, thank you very much. On behalf of my colleagues, I'd like to thank you all for coming. I see this is a really encouraging sign. Washington in the face of a quarter of an inch of snow and a little ice did not shut down, so maybe it means governance is coming back to life in Washington, although I'm not real encouraged by the education agenda, because as best as I can tell every school system in the metropolitan area is shut down or opened late, I suppose.

Well, listen, to be fair, our original plan was to go in reverse order, that is, begin with Michele Bachmann's response to the State of the Union. But I was counting on getting a hold of her charts and having them here, and I couldn't get them, so we're going to dispense with that and move immediately into the President's address, and no doubt we'll be speaking somewhat, as well, about Congressman Paul Ryan's response.

Our focus here really is going to be on the substance of what the President outlined, whether it makes sense, whether it is feasible in Washington or at other levels of government or private sector engagement. And we will be focusing as the President's speech did, in the same very order, the first really on jobs and economic growth, the second on the problems of deficits and debt, and the third, on the piece that you may not have noticed, but there really was a little section on foreign policy. And Bob Kagan has discovered a gem or two that ought to be flushed out, and we will do that.

We will also have plenty of opportunity to respond to your own questions. But as a political scientist, I can't avoid prefacing that serious discussion, not with a rehearsing of all of the silly talk last night about seating patterns and new friendships and the like, but to make a couple of observations about the speech itself.

And let me say there's no consensus on this. That's always the case, certainly in our own group. I came away from the speech finding it more on the unusual side, not a speech of a laundry list of individual proposals, but a rather sort of tightly organized and focused statement of what the President is trying to do and to communicate to the broader public.

To the extent we've had anything approaching in this administration a vision yet, this is it, and I think if you reread it you will see it. I also thought a striking part of this was the tone of the speech. There were no rousing partisan lines. It was clearly nonpartisan.

It was unusually patriotic in the sense of embracing the view of American exceptionalism. And the lines that got the most applause in the speech, I noted, were those that really talked about us being special and not wanting to be under any other government in the world. But there was also a sense that we've lost our mojo, and it's -- but that instead of saying everything is awful we've got to eat our spinach and get on, it was sort of uplifting. It was forward-looking, it was optimistic, it was challenging in a

way that some people may have found sort of didn't strike the right tone, but I thought made a lot of sense. So it was an interesting speech, from my point of view, and not typical for State of the Union speeches.

The second point I'd make is that to the extent we have any evidence yet, he sort of succeeded in sending the right message to the public as far as we can discern from the series of initial reactions taken. None of those tend to be enduring, these bumps and polls and the like, but it is striking just how uniformly positive the response was across party lines, which is something you almost never get. It's almost the same as the reaction to a speech in Tucson. And again, I think that is -- that tells you something. That tells you that there is a way to sort of frame issues, problems, approaches, aspirations that can have a more unifying immediate effect on the public, and I think that was reflected last evening.

But it should in no way blind us to the realities of what profound differences exist between our two political parties. Nothing like the extremes one has seen in past American history, European history. We don't have a credible, hard left or a really hard right in America. We do play closer to the 50-yard line. But nonetheless, listening to Obama's speech and Ryan's response, they really are two fundamentally different views of the role of government. I mean, everyone accepts the centrality of markets, you know, the importance of the private sector. Obama's made up his, with the business community in a -- sort of in many ways, in

symbolic terms, it's kind of silly to engage in fights with the very people who will generate the growth and create the jobs that are essential to all of our success. But the differences remain really quite profound and we're going to see that play out in the weeks and months ahead.

I think underneath the conciliatory language was a real challenge to the direction the Republicans and the House had identified, and a not so subtle signal about how the President differs and how he intends to fight for that.

This was not a speech about ideological repositioning. There's more nonsensical talk in this town about ideology and moving to the center. I would argue this was about reframing the center in American politics, and now we're going to see how all of that plays out.

Well, enough of that fluff. Let's get on now to the substance. Bruce, why don't you get us started? The President began and devoted most time not to dealing with the deficit. That was fifth on his -- and last on his economic agenda. It really had to do with fostering growth and job creation built around a set of -- on a set of pillars. Tell us what that was and did it make sense? Is there broader support in the policy community, in the business community and in the states for this kind of an approach?

MR. KATZ: I just wanted to build off your initial comment, Tom, because I do think, from my perspective, this was a highly organized and tightly focused speech. The President is a lawyer. This was about as

linear and logical a speech as you could see. He had a vision for the economy, he laid out some very, very ambitious goals for the country, and then he laid out his policy priorities, not a laundry list like a lot of other prior State of the Unions, particularly 10 or 15 years ago, but priorities, systemic reform, systemic move, leave aside the politics for a moment.

But if you deconstruct the speech and you disaggregate it, what you really have here is an economic vision that I think responds to the country's concern about the pace of recovery, and a deeper concern about America's economic position in the world. Summary is, I think the President basically is moving from a phase of economic recovery to a phase of economic renewal. I think this was the clearest narrative to date of moving from the prior economy, pre-recession, driven by consumption and debt, to a different kind of American economy driven by exports, powered by clean energy and low carbon, fueled by innovation, and obviously dependent on the education and skills of our work force.

The goals were super ambitious. I mean, I did a little tally and I added one from last year. We should double exports in five years. Eighty percent of U.S. electricity should come from clean energy by 2035. A million electric vehicles on the road -- 2015; high-speed wireless to 98 percent of Americans within 5 years; 80 percent of Americans access the high-speed rail by 2035; and let's prepare a hundred thousand new teachers in STEM -- science, tech, engineering, and mathematics. I

mean, this is a different kind of goal setting for a country that is somewhat allergic, you know, to strategic planning, which has taken more of a laissez-faire approach to economy building and economy shaping and even place making in the past.

I do think when it came down to policy specifics, the President really focused intensely on three pillars: Innovation, which tended to translate into advanced R&D, and the technology transfer from invention to commercialization to production. He focused a lot on education and skills, which covered the gamut from race to the top to college affordability to community college build-out to some of the issues around skilled immigrants, and an infrastructure. Not a lot of specificity besides the goals. But I think the outlines of perhaps a deal that could be struck with a Republican house. Infrastructure has always has been one of these areas where Democrats and Republicans have worked together.

So, the question I think going forward at this point is what can get done? I have to say one of the most surprising things to me in the past couple months is how much the President's rhetoric and the President's narrative has begin to reflect almost in totality the rhetoric and narrative of what I would call the producer class in American business. People like Jeff Immelt from GE or Andrew Liveris from Dow Chemical, who's just published a book on manufacturing, or even Andy Grove from Intel -- these corporate leaders have basically been saying for the past

several years America needs to invest again in innovation, in infrastructure, in human capital, at the same time we deal with some complicated tax and deficit issues, at the same time we deal or try to deal with regulatory certainty and government efficiency. He's seemed to accept that broader corporate narrative from -- again from this manufacturing end of the business community, which tends to bridge the divide, frankly, between the Republicans focusing more on tax cuts and regulatory streamlining and the Democrats' traditional focus on investment.

So, the most heartening thing I took from yesterday was the rigor of the vision and the linearity of the goals and the strategies that follow the vision. But probably more than anything else, how much it matches up with some of the perspectives of leading producers -- global producers, frankly, but with a large American footprint -- and that may bode well, more than anything else, for how successful this strategy is.

MR. MANN: Interesting. None of this really has anything to do with the state of the economy over the next two years I think it's fair to say, right? This is a medium- and long-term strategy. I assume the President figures he's gotten every ounce of stimulus that he can get out of this Congress. That is, the fate of the economy over the next two years is largely set in motion, and he can do little about it. My question to you is, though, is it possible that Republicans in the House with their focus on

major, immediate cuts in domestic discretionary spending could both threaten the recovery in the short term, but also disable the President's effort to move ahead with his growth agenda?

MR. KATZ: Well, some of this is about investment, and some of this is about laying a platform for public and private investment. So, take exports, for example. Exports are leading the recovery we have today, and, frankly, manufacturing is a portion of that. So, the President did mention the Korea deal, which will be before the Senate. I think that's the kind of non-spending -- low-cost, potentially high impact of a sort that we could talk about how much impact it will have -- that could get done.

I think, you know, there's going to be a lot of talk -- and Alice is much more expert about this than I am -- there's going to be a lot of talk about Republican deficit plans, spending reductions. We went through this in 1995 with a rescissions act. How much of it actually gets done is not clear. It needs to be coupled with what the states are doing, because states are really cutting hard because they do need to balance budgets.

But I think what you may see going forward in the next year is a more robust governing agenda coming out of the agencies. So, Congress may go back and forth with not real clarity on, you know, dramatic investments or cuts that are then used to invest in priorities, but what I think we're going to see coming out of the major economy-oriented agencies is really a pulling together of their tools, whether they're loan

guarantees -- think Ex-Im Bank, think Department of Energy loan guarantees, think SBA -- really a marshalling of those tools that tend to have bipartisan support, frankly, so that we see sort of an acceleration of public-private investment and, again, in these sort of key focus sectors.

So, there's going to be a lot of noise coming out of Congress. There's going to be a lot of combat between Congress and the Executive Branch around spending reductions. But it's not clear to me, outside sort of a major, you know, kind of, sort of tax deal or deficit deal how much will really happen, unlike the states -- right? -- who at the end of the day really do have to balance their budgets. I think that's more of a threat, frankly, in terms of mitigating the potential recovery than the federal piece, because the states, you know, day-in and day-out, have to do this. And some of the cuts that I think you're going to see coming out of state capitals -- particularly to higher ed, particularly to community colleges, particularly to K-12 -- could do more damage to this long-term growth and investment strategy than anything done in the near term by the Congress.

MR. MANN: That's really interesting, and it suggests to us that our attention naturally gravitates to the sort of high-visibility conflicts --

MR. KATZ: Right.

MR. MANN: -- between the President and the Congress over -- you know, and now we're doing it over 12 percent of the budget. But in many respects over the next two years the actions will be

elsewhere. We'll talk in just a few minutes with Alice about the sort of medium- and longer-term strategies on stabilizing the deficits, but it's true more broadly, we can expect an executive, administrative, presidential strategy of governance in which Congress plays a much more minor role.

Now, the question, the final question I wanted to put to you is -- the one idea that you would think would garner broad support is the idea of a national infrastructure bank.

MR. KATZ: Sure.

MR. MANN: Something that could actually use smaller amounts of public dollars to leverage private investments and to see that decisions are made on the basis of merit as opposed to sort of political favoritism.

MR. KATZ: Right.

MR. MANN: The question is, with the Republicans now putting all of their chips on limiting government, are they going to play that game, and is there any chance of actually moving ahead with something that I think most policy analysts would argue is long overdue?

MR. KATZ: Well, a couple of different responses to this, and then I think it really does bring into the states.

Again, let's go back to where major business leaders are, because major business leaders -- particularly coming out of manufacturing, production, and the export sector -- are basically saying

that if America is going to compete globally, we need to have a first-class infrastructure. And that is not just traditional road and rail and transit infrastructure. That's about energy transmission; that's about information technology; that's about the undergirding of the health sector.

This is transformative. I mean, we're going through a transformative technological revolution right now that permeates the economy, which transforms the economy. But the public sector needs to be engaged particularly in certain segments of the infrastructure business. And when you look abroad and you see how other countries in Europe and in Asia and in Latin America get this done, we have a lot to learn from them. So, I think what is complicated now from the Republican perspective is how consistent the business voice is for public, private investment in infrastructure.

Just one other example, then I'll talk about what can get done.

The Chinese premier was here last week. The Chinese Investment Corporation and other major sovereign wealth interests in China have said repeatedly we want to invest in American infrastructure. I mean, there is -- whether it's energy or whether it's high-speed rail or whether there are some other aspects, there is obviously a lot of political complexity to that, but it shows the pent-up demand in a country that has - - our country -- that has deferred investment in infrastructure for so long,

so we may have a first-class economy but we have a third-class infrastructure.

So, I think there may be some deals to strike here. If legislation can't go through the Congress -- look, the Trust Fund runs out and the authorization of transportation legislation runs out in March, so Congress is going to have to act. Either they're going to kick the can out for two months or three months, but perhaps there might be a deal for a two-year reauthorization that includes a piece of an infrastructure bank. The business community would be very much behind that. If that does not happen, I think two things happen.

The Department of Transportation already has authority to do something like an infrastructure bank, but they're separate offices, separate compartments. Some deal with rail, some deal with transit, some deal with roads. I would see what will happen is the Department will pull all that together in one sort of wrapper and sort of go back out and say here's the beginning of public-private financing for infrastructure, at least transport infrastructure, if Congress cannot act.

And then the second thing I think will happen is the governors will act, not immediately because 2011 is a year for the governors to get their fiscal houses in order, but come 2012, come 2013, come 2014 states will begin or collections of states will begin to pull together their own infrastructure banks. When Washington doesn't act,

the states innovate. Frankly, when Washington does act, the states innovate. And so I think this is an idea that will happen. And if it doesn't happen with some kind of -- which it should -- national platform, national consistency, national rules, the states in our large metropolitan areas will just basically do what they have to do to get this stuff done.

I do think last night what the President did was lay out not a federal vision, but a national vision. And as he goes forward, given the complexity of the relationship with Congress, he may find comrades in arms with other executives on both sides of the aisle, whether in city halls, county halls, or state capitals.

MR. MANN: Thank you. That's very helpful.

Alice, let's switch. I indicated already that the deficit was the last of the economic items the President discussed. Critics have said he wasn't specific. He didn't begin to educate the public on choices ahead. I thought he was very measured and careful in what he said and didn't say. Were you surprised? Disappointed? And what's behind it, and what's ahead as a consequence?

MS. RIVLIN: I thought it was a very strong speech, and I agree with Bruce that it laid out a vision and it was the right vision for the U.S. economy. I mean, he stressed technology and innovation and entrepreneurship, and those are the things we're good at, and those are the things we've got to build the future economy on.

He was trying -- he's trying to do that at the worst possible moment. We're just climbing out of a recession and we have this looming debt, which we have to do something about. Bruce said that the old economy was driven by debt; the new economy must be driven by innovation. Yeah, right. But there is that debt out there and we have to do something about it, and the President said that. To my taste, he didn't emphasize it enough. He should have made clearer to the American public that we have two big problems. We have to get our economy growing and growing strongly and based of a modernized infrastructure and better skills and all that, but we have to do it in a fiscally responsible way. And we have to have a plan that shows we know what that means and we're going to put it in place.

Now, he did, I was happy to note, acknowledge that he had appointed a deficit reduction debt control commission of which I was privileged to be a part. He said we had made some progress. He sounded all the right notes about what must be done. He did mention that health costs must be -- the rise in health costs must be slowed down. He did say Social Security must be on a firm footing. He did even mention defense in passing -- very much in passing. And he said we need to reform our tax code, both the corporate tax code and the individual tax code, that we can simplify it. He said all those things, but I don't think he quite conveyed how we're going to fit this together.

Now, I didn't expect specifics in the State of the Union. That's not the place for deficit reduction specifics; he's got a budget speech coming up, he can do that there. But I would have hoped that he had explained to the American public more clearly that we have to address this looming debt and that it isn't just a question of cutting discretionary spending, which is what the Republicans wanted to do.

He almost slipped into their trap. The only specific was on domestic discretionary spending: we're going to freeze it. That saves something over the so-called baseline, but that's not where the problem is. And the -- I would fault Congressman Ryan as well for putting too much emphasis on cutting immediately, which is not the right thing to do. But we must get on top of the long-run problems and I believe it's going to take a tax increase. And he didn't say it wouldn't, but he didn't say it would, except for very high-income people.

MR. MANN: Now I take it the reason he did that was twofold. One, the public doesn't have a clue as to the nature of the problem, and what is required to actually deal with it. It's just stunning the extent to which after all of this talk, all of these commissions, all of these Brookings efforts to try to bring knowledge and information to the public, there isn't a clue out there as to what the nature of what the problem is, is number one. And so, the question is, can I, in a couple of folios in the State of the Union speech, turn that around? The answer he probably

figured is no.

Then the second part is that he probably believes the Republicans are not genuine partners in the effort and that any concession or politically difficult embrace of a position he would take would be used against him initially and set up a kind of political battle back and forth. And, therefore, he's trying to put this into a process, given a blessing, and see if more progress isn't possible that way. Does that make sense?

MS. RIVLIN: Well, that may make sense. I'm not the President. If I were, I probably would have made a similar speech, emphasizing the positive things about the future of our economy and our strengths, and all the things that Bruce has talked about. I think that's a good thing for a President to do. But I'm not the President, and I wish that he had explained more clearly that this vision has to be carried out in the context of getting our fiscal house in order and that we put more emphasis on the importance of having a specific plan to do that, even if he isn't going to put the specific plan in the State of the Union, and I don't think you should.

MR. MANN: Right. Finally, what should we be looking for? What should we expect to follow? We have an immediate issue with funding the rest of the fiscal year that's coming up. We have a budget submission and then, presumably, an effort of the Republicans to write a

resolution. We have a debt ceiling limit we're coming up against. It sure seems to me to have the makings of confrontation, of a game of chicken. And the question is, is there -- in this political, partisan, polarized environment do you see any room or opportunity for anything other than these kind of confrontations to take place?

MS. RIVLIN: No, but that's not all bad. I think the confrontations will take place. As you said earlier, there is a difference in philosophy and Republicans do want to cut a lot of spending right now and the President doesn't, but there are two ways that this might work out.

People sometimes say, well, can't you all sit down around the table and just agree? And the answer to that is no, we can't. But go back to the 1994 election. There was similar amount of confrontation and nobody sat around the table and agreed. What did happen was a series of confrontations, some of them very unpleasant. We closed the government twice, but President Clinton used the veto power and the threat of the veto, very skillfully and, somehow, we got through all the ugliness and reached the surplus in the federal budget by 1998.

Now, this situation is harder and we're coming up against not closing the government -- which is nuts, in retrospect, so bad -- but the debt ceiling. We cannot default on the United States government's debt. And so, some kind of a compromise or a plan to get a plan will have to come together before we get to the debt ceiling, but that's also likely to be

a series of confrontations. A small increase in the debt ceiling and conditions and then another one, and a back and forth in which you've only seen the opening offers of both sides. And we'll see how it plays out.

MR. MANN: One last point, just following up on that. I think, in your last answer you didn't give yourself and the beginning of the Clinton Administration enough credit. Since you were there at OMB and the administration made a pretty gutsy choice and it went for a budget package that was quite unpopular, and garnered not a single vote --

MS. RIVLIN: Of Republicans, yes.

MR. MANN: -- of Republicans, but it followed the model of the Bush 41 deficit reduction agreement. And the two together, combined with economic growth and a tech boom, produced a budget balance and surplus without reference to the 1997 deal, which, in fact, had a tax cut, the Children's Health Insurance Program, and the big savings were the doc fix that gets patched every year after year. So there is something of a myth to the notion that divided government led to a balanced budget. It happened during a unified party government.

MS. RIVLIN: Well, it got started, but it was divided government in 1990 as well, remember?

MR. MANN: Right. That's right.

MS RIVLIN: And that started it and then put in place the tools which we used in '93 --

MR. MANN: Right.

MS. RIVLIN: -- and again in '97 to get the balance. So, I don't think divided government solves everything, but it helps in that kind of situation. And, like it or not, that's where we are now.

SPEAKER: Okay. Well, Bob, wake up here.

SPEAKER: You only left two minutes, the appropriate amount of time for this discussion on foreign policy?

MR. MANN: Now, listen, you all probably think that this State of the Union speech was not focused on foreign policy, but little did you know that length is not associated with importance and Bob Kagan has mined the folios and actually has found an interesting thing or two. Bob? I'm reaching.

MR. KAGAN: Nice job. You know, it's better to kind of ease up to these things, not try to oversell them. But look, it was not a foreign policy speech by any stretch of the imagination. I would say it was the least inspiring or visionary. There's a lot of vision in the rest of that speech, but I have to tell you as a foreign policy person, there was zero vision in the foreign policy section. Zero.

Unless, "We're getting out of Iraq, we're getting out of Afghanistan. See you, we'll be here all week," you know? The 11 show is better, you know, whatever. There was just nothing in that speech. So, you know, I don't want to try to -- I'm not going to try to do what you're

suggesting I'm going to try to do.

MR. MANN: Right.

MR. KAGAN: But two things struck me about the speech from a foreign policy perspective. One was in the domestic section because there was a very interesting tone from a President and a party that speaks of a kind of cosmopolitan understanding of the world and how, you know, we're all in this together and globalization.

It was an intensely competitive speech. Competitive with everybody else in the world. We are going to compete, I think if -- from my point of view, I don't think the word "democracy" appeared more than once or twice in the speech. The word "compete" I can only assume appears 50 times, and almost to the point of it being a zero sum kind of conversation. We have to out-innovate, we have to out-educate. They're better educated; we have to educate even better. It's almost as if we don't want them to educate as well. Let's educate better than they.

I mean, I used to think it's good if everybody in the world is educated, but there was a very kind of -- very combative America, we've got to beat all these guys. You know, win the future. That's an interesting phrase, by the way. I don't particularly think it's a very mellifluous phrase as a speech phrase, but "win the future" is an interesting kind of thing, again, for a cosmopolitan President. But that -- so that was the sort of overall tone, I would say. That was the most important foreign policy tone

actually. More important than the foreign policy section itself.

The foreign policy section itself, I'm sure the guy who's in charge of writing the foreign policy part of the speech drank heavily after the evening was over. You know, he was probably glad that it snowed today. And because I feel for that person the one thing that I think was even remotely in the nature of visionary or had some kind of grander thoughts was the brief paragraph on Tunisia, which was unfortunately ruined, in my mind, by the failure to mention the actual current riots going on in another country, which was Egypt.

Now, I think it took a lot of doing, and I don't think many presidents giving the State of the Union would have had the discipline, not to mention the fact that there were currently unprecedented protests in Egypt that very day. They had plenty of time to put it in. They put stuff in these speeches five minutes before he gives them. They had all day to mention it. Now, I think their version of mentioning it was a kind of brief shout-out which you guys didn't even hear: Things are happening in Tunisia and we support that and anybody else who's doing that kind of stuff around the world. (Laughter)

It was striking because that's a decision. It's one thing to say we're not going to emphasize foreign policy. It's a decision not to mention the actual events that are occurring right then as the speech is given, which, by the way, would have gotten a good round of applause.

And I would say that's indicative of the fact that this administration is really twisted around like a pretzel on the issue of supporting democracy. They are still -- to my amazement it's as if George W. Bush has reached out of the presidential grave and grabbed this administration by the throat and convinced them that they can never look like they're supporting democratic change.

You know, that day, Hilary Clinton's statement on Egypt was unbelievable. It was as if she was Richard Nixon, Jerry Ford, and Jimmy Carter all balled up into one. Asked about the riots in Egypt, she said, we think that where our assessment is Egypt is stable and the government is doing what it can and we hope there is not a lot of violence. Really? Just the way when Tunisia was fermenting, the statement was we're not taking sides, et cetera.

One of the things that's going on, and I'm talking about what was not in the speech, as this speech was being drafted and given is an unprecedented political ferment in the Arab world and Middle East starting with the Green Movement, moving on most recently to Tunisia and now in Egypt and I think we're going to see it spread. I guess I could say they weren't quite ready to deal with it in this speech. Maybe they'll deal with it in the future. You can't do everything. But it was a tremendous missed opportunity but also I think indicative of how uncomfortable they still are in looking like they want to care even about these kinds of movements which

I think are going to be -- if you want to talk about what's innovative, what's going to change, what's going to shape things in the coming years, I think this ferment in the Middle East qualifies. I really think they missed an opportunity to get ahead of it and maybe in the months to come they'll correct that.

Otherwise, I thought it was unfortunate that the only mention of Iraq and Afghanistan really is that we're getting out. I know that probably was some kind of an applause line, but it's not exactly true first of all in the case of Afghanistan. I don't even think the administration thinks that they're going to draw down more than in a most minimal sense in the summer and that they've signaled very clearly that they expect to have substantial numbers of forces through at least 2014. Talk about things he didn't want to tell the American people, I guess he didn't feel like telling them that again which is also I think in a way not -- you should square with the American people if you are planning on keeping your troops through 2014 which they clearly are.

I would say that the references to Europe were pro forma at best, and there was of course the mention of reset with Russia although where that reset is doing now is unspoken. We've had a reset with Russia. What's next? I'm not going to get into that. Almost no mention of China as an issue that the United States needs to be concerned about except that they're out-educating us and we have to out-educate them.

There was good mention of the South Korean Free Trade Agreement and I personally was glad that he mentioned Colombia and Panama. That means that it's on the agenda and I think it's very important for a variety of reasons although he didn't particularly explain why it was important from a foreign-policy perspective, but that wasn't the purpose of the speech. That's it. That's all I can drag out of this speech and that meant talking half the time about some things that weren't in the speech.

MR. MANN: That wasn't bad, Bob. I can't disagree with anything you've said. I think it reinforces what they had in mind and they knew what they were doing. If anything, this President has been criticized back home for spending too little time and attention and focus on the economy and any effort to have a robust engagement of foreign-policy issues would have detracted from it. The President has in the view of many back home invested more certainly in the view of the public on foreign policy than he should of so that it was a very hard-nosed political calculation I think. It probably doesn't tell us much about the future of Obama's foreign policy at all. It's just a calculation about how best to use this hour of time before the American people.

Again the competitiveness stuff is all hogwash in a serious substantive way. It really is a positive-sum game, but again how do you get Americans energized? You get them through competition. That's how we thrive in a domestic political sense. We can do better. We're better.

You cringe in many respects and yet again the politics of it seem pretty clear.

MR. KAGAN: We don't know that. That's an assumption that they're making. I'm not sure. It's contempt of the American people that they need to be told that they're in a competition. I didn't like this business with the *Sputnik* thing. I'm glad that we did great innovation after *Sputnik*, but to say that we overreacted to *Sputnik* would be the understatement of the century, and we want to go back to that kind of mindless oh my God the Soviets are going to beat us? That's an interesting framework to want to reintroduce in 2011. I understand the politics and they think Americans don't get anything unless it's about *Sputnik* which by the way I have to believe 90 percent of Americans have any clue what he meant when he said *Sputnik* moment. And did we really go to the moon or was that in a movie? I can't really remember. In a way I didn't think that that was likely to be very politically successful.

And on the issue of what the American people want to hear and what they don't want to hear, at the end of the day the President has the responsibility to sometimes talk about the things the American people think they don't want to hear about and I don't think this administration things foreign policy is relevant to the general wellbeing of America, not just about competitiveness and exports but in a broader sense. One could have taken the very small space that they devoted to foreign policy and

thrown in a good vision as to why all this stuff matters to us and they didn't do that. They still would have had their hour and 60 minutes on whatever else they were talking about. You could have done a very narrow thing about why these things matter to us. Other presidents have been able to pull that off. It's interesting to me that they didn't even want to try. I would have to say the basic thrust of that speech is here are the places we're leaving, not here are the places that are important to us, our security, our economic wellbeing, et cetera.

MR. MANN: One final item is you pointed, just so your response is consistently negative, you said something a little positive about trade. If you really look at what he said on trade, it may not be as encouraging as you suggest because in the end he said, "That's what we did with Korea and that's what I intend to do as we pursue agreements with Panama and Colombia and continue our Asia-Pacific and global trade talks." In other words, those two agreements presumably are going to be revised in some fashion before they get sent up to Capitol Hill.

MR. KAGAN: I think that is reality. I don't take that as negative. I really have a much more positive view of the speech than you do. The big question was were they going to try to go for a Colombia deal this year or not. I think that he didn't mention it in the speech that meant no. If he does mention it in the speech that means yes. And that means that they have to come up with some kind of arrangement with the

Colombians and work with Congress and I think that's just the reality of the situation. I'm actually heartened that the word Colombia was in the speech and I'm sure the Colombians are, too.

MR. MANN: We haven't talked about how he managed to sneak immigration into the first part of the speech which is a very interesting and I think important signal. And we didn't talk at all because everyone gets bored about it, the focus on making government more effective, improving government performance and the series of efforts around that and restoring trust. But there you go. We can't do everything. We'd now be happy to take questions. We have some mikes and let's begin with Howard here. Please identify yourselves.

MR. SILVER: I'm Howard Silver from the Consortium of Social Science Associations. I have a comment and then to questions. A hundred thousand people don't fill football stadiums every Saturday shouting we're number one. That doesn't fit in with what Tom said about the competition.

Two questions. One, are earmarks really dead? Two, does anybody know what he was talking about in terms of reorganizing the government? Are we about to have another Hoover Commission or something like that?

MS. RIVLIN: I think earmarks are probably pretty dead. That's not very important. They weren't very large and weren't all bad.

And I don't know what he was specifically talking about in reorganizing the government. I hope it means sensible efforts to make certain overlaps in programs more effective. I hope it does not mean reorganizing the boxes on the org chart in any major way because I think that's a waste of time and will not give us a more efficient and effective government.

MR. MANN: This is known as the salmon problem for those uninitiated.

MR. TOMIZAWA: Mark Tomizawa from Lively Networks. We connect known and unknown thinkers and doers who are on the ground inside health care and inside education and so forth and some are global.

Thank you. This is terrific. Let me ask a provocative question just to stretch the tent out a bit. Please understand that. The President made the great case and we all know this that technology has changed a lot. It's changed the speed at which people perceive. It's changed the speed at which we transact. In fact, the computers are transacting right now and nobody is really in control. It's all been preprogrammed.

It is possible that that has created a big problem for us. Nobody planned for us to lose millions of jobs because of the Internet and computers, but we did, so nobody was looking at that ahead of time. Let's just say that's an example of unintended consequences. Perhaps what

we're looking at right now worldwide is a change in the relationship due to technology and media between people and institutions, and it's possible that we can even prove that individuals are more powerful than they used to be and institutions are more vulnerable because we're all connected. I'm going to give a terrible example, but you'll understand. One kid with a gun has changed how we all feel about America. I'm wearing one of the ribbons. I was walking Congress yesterday. It is those moments where we actually sit back and reflect sometimes where we go things have changed a little bit at a time, but it's changed something fundamental.

So let me give a term for this. Let's call it Rust Belt.

Perhaps the Internet has created Rust Belt thinking. It used to work really well the old way in government, in business, in economics, but maybe there are new things that are working better or faster or more powerfully and old things are actually hurting us now. One of the questions would be how could we identify who would start a program or a project to look at legacy beliefs, legacy practices, and go it used to work but then everything got fast and networked and now it's not working so well, but let's not let blame Republicans or Democrats or Independents or universities or anybody, let's just say it happened, let's identify those and then start on those. That would be systems work. So would Brookings lead the way on that and would you collaborate with the Aspin Institute and the Gates Foundation and others because there seems to be a problem that old

things aren't working so well now.

Thank you. I hope there's a question in there for you.

MR. MANN: Bruce?

MR. KATZ: Let me try to answer it this way as more of an analogy than maybe a direct response. I do think what is happening and again I'm going back to business and the interplay of corporations, multinationals primarily, civic institutions and almost local government, frankly. What I see as really one of the most profound effects that is going to reshape the world going forward is the convergence of technological acceleration and urbanization. When you think about what's been unleashed in the past 20 or 30 years around the world, the rise of China, the rise of India, the rise of Brazil, a lot of that is about urbanization and the rise of cities and rural-to-urban migration. The question for us domestically and globally is now how to take all this technological power which keeps accelerating and apply it to the collective space. Can we be more efficient with the use of resources? That's essentially the smart grid. That's congestion pricing. That's a whole range of technological applications.

Can government get smarter, take in information from all these different sources, aggregate them because of the speed of commuting and smarter decisions about resource allocations, so forth and so on? I think what we're seeing coming out of the corporate space, the

market space, is some very interesting innovations about not just dealing one on one with this, we're all getting smarter about how to navigate our lives through individual technology, but the collective application of technology in ways that can be economic, market and social goals? Government is a lagging kind of institution. It's slow. It's cumbersome. It's circumscribed by restrictions and rules. So this is being invented outside of government for the most part and the question is the President talks about -- I completely agree with Alice that the last thing we should be talking about is moving boxes around. I mean, it's -- how do you harness the power? I mean, if you were going to organize the Federal government today as opposed to 1930, right, with all this technological capacity and with all this innovation that we could sort of transfer over from them, this would be a dramatically different, you know, sort of structure and agency.

MF. MANN: Alice?

MS. RIVLIN: One thing Bruce did not say is that -- and I'm surprised he didn't -- is we do have a plethora of governments and we need to get better organized around our metropolitan areas, but that's a Bruce line that I'm just picking up here.

I wanted to challenge the questioner on his first statement that we have millions of people unemployed because we had a technological revolution. I don't think that's right. We have millions of people unemployed right now despite the technological revolution

because we stupidly had a financial crisis that threw us into deep recession. We shouldn't blame technology for where we are now.

MR. MANN: Okay, Gary?

MR. MITCHELL: Thanks. Gary Mitchell from the Mitchell Report. Perhaps it's because I happen to wholeheartedly agree with what I think is the perspective coming out of the panel about the nature of the speech itself, I was struck by two comments: Tom's comment about -- that this was not about ideological repositioning but about sort of reframing where the center is and what it is; and Bruce's, I think, very insightful observation about that this was about a national, not a federal agenda. And it led me to think about what was it about last night that seemed to connect, if you're -- you know, if you're in the stadium that said it connected, and when has Obama connected in that way on that scale. And I would say in Boston in 2004, in Philadelphia in 2008, in Tucson last week, and last night. And it struck me that there are X-number of roles that a President plays -- sometimes teacher, sometimes a preacher, sometimes a coach, sometimes a partisan party leader, sometimes Commander-in-Chief, sometimes a President in the Oval Office -- and that where this person does best is in the teacher/preacher/coach realm. And that I thought, for example, in Philadelphia he was a teacher on civil rights, in Tucson he was a preacher, and last night he decided he was going to be a coach and say we can do better and this is who we are and let's get

on with it. And it would seem to me that that notion that you've all described about the tight agenda, the focus, it does go to what Bob Kagan was saying, which was it is quite remarkable that Egypt was left untouched and that more wasn't made of it. But it seems to me that that wasn't a job for a coach and that's what he decided to be last night. And I'd just be interested in the reaction of the panel to that notion.

MS. RIVLIN: I agree with that. I think -- and that's why I think it was an effective speech. And we can all sit back the next day and say he didn't say this and he didn't say that and he didn't say something else, but he did connect and got a message across about a vision for the future, and I thought that was good.

MR. KATZ: Yeah, and I do think -- it goes back to some of Bob's comments -- I mean, the power of this President is really to galvanize the talents and energies of this country. It's not about legislation; it's about putting forward a vision in a very disruptive period. I mean, this is about as disruptive a period we can imagine given globalization, the rising nations, the environmental imperative, the climate imperative, technological acceleration, urbanization, this is about as complicated as you get, and for most of the public they see all that and there's a tremendous amount of insecurity and uncertainty. It's not just the fact that we have 9.4 percent unemployed. It's that so many families and so many communities have been touched by this recession in

profound ways.

So, I think the President's role is really national, is to set forward this vision to be teacher, preacher, and coach, and to give us a sense -- perhaps he overplayed the competitiveness -- but to give us a sense that we can move forward in an affirmative way despite our political discord and dysfunction. I thought he did a tremendous job with that. And it's a lot of burden on one individual or, you know, a set of individuals because it really is an education about all these disparate forces and dynamics which are effecting people's lives and their communities and trying to distill for them what -- how do I assess this and what's the way forward, and I think he did a marvelous job.

Now, it took two years to get to that speech, right? A lot of us might have wanted him to give that speech a year ago, but still I think it was a marvelous synergy and summation.

MR. MANN: I think you ought to get a patent on that.
Teacher, preacher, coach -- it's a nice formulation.

Let me pick up -- who has a question on health care?
Anybody -- no one is asking.

I mean, one of the things, Bruce, I wanted -- you gave the sense that at least out of Washington, in the states and cities and counties there are pragmatic people, you know, going to work and doing the right thing. One of the things they're doing, the governors and the attorneys

general are filing suit against the Affordable Care Act while their state insurance commissioners are rushing to try to set in place the makings of new markets and a whole set of other things. That is, the ideology and polarization seems not to be absent from the states by any means.

MR. KATZ: Well, it's not absent from the states, but I think, you know, the governors have an impossible situation, either party: balance the budgets and grow jobs. That's your task, right? And obviously they are part of the partisan discord that we've described.

I do believe at the end of the day what we'll remember from this crop of governors -- and I have to say, it is a good crop of governors, many of whom are coming up from the local level or out of the business community -- is what we'll remember is not the skirmishing, frankly, over health care, but those pragmatic innovations that are very much tailored to the possibilities, very Obama-esque in that regard to the possibilities, the assets, the advantages of their state.

You know, I just looked at a word cloud that pulls together the major words coming out of the governors' inaugurals and the governors' state of the state. I mean, I think what is really permeating a lot of the new governors is a sense, like Obama is doing for the nation, what is our state's position now in the global economy? How do we compete or at least participate in a major way? That's what we'll remember out of this crop.

And, again, I don't want to minimize this, but I do think that at the end of the day, their electorates are going to demand that these folks get down to the business of governing and begin to sort of minimize some of the excessive politicking and polarization.

MR. MANN: Alice?

MS. RIVLIN: I thought the President did just about right on health care. He couldn't have fit in a whole long health care speech into this already long speech. He had to defend the Affordable Care Act and after all the Republicans are up there talking about repealing it and actually voting in the House, so he had to defend it and he did, and he had to make the points of who would lose if it was repealed. And he had to say he was open to other ways of controlling costs in the future, and that's about all he needed to say it seemed to me.

MR. MANN: Yeah. Okay, yes, sir. Right here?

MR. GLUCK: Peter Gluck. I'd like to ask Robert Kagan to talk a little bit more about the unrest in some of these Arab states. Where does it go next? What does it mean for regional stability and security? What does it mean for Iran's aspirations to be a regional super power? And what does it mean for whatever passes for Arab-Israeli peace talks these days?

MR. MANN: Take all the time you want.

MS. RIVLIN: In half an hour.

MR. KAGAN: I'm really going to overcompensate (inaudible). It's an excellent question and the answer is it's going to mean a lot of different things in different places. I mean, clearly the format we're seeing in Lebanon right now, where the direction of Lebanon is headed, who knows? And your question touches on all the anxieties that I think the administration, and not only the administration, has when they look at this kind of ferment. Is the Egyptian ferment going to lead to a victory by the more radical elements of the Muslim Brotherhood? You know, we've had everybody -- we're so spooked by the Hamas election experience that it's like we never want to have another election in the Arab world again. That's the illusion. The illusion is stability. Let's at least start with that.

We are not in a stable moment anymore. I mean, Brent Scowcroft once talked about 40 years of stability in the Middle East. I think that's an overstatement if you actually remember those 40 years, but whatever else is true, that's over. You know, Mubarak is not going to be president three years from now. He's either going to be dead or he's going to be overthrown. So, the mistake we're making is clinging to an illusory stability. I think we have to recognize, whether it's from the Green Movement in Iran, what's been happening in Lebanon, what just happened in Tunisia, and what is now happening Egypt, really, in an unprecedented fashion -- for decades you haven't seen this kind of activity, which is not, by the way, led by the Muslim Brotherhood.

Read the articles, the reports on this movement -- I wouldn't call it a movement -- on these protests in the *New York Times* and the *Washington Post* and elsewhere. These really are -- they're not people -- they're not even wearing, you know, head scarves or anything. These are secular, largely secular, liberal, I would say, average Egyptians who are just fed up with a sclerotic regime. I mean, Hillary Clinton gave a very good speech in Doha recently pointing exactly to the nature of this problem in a general way and she hit it right on the head. These regimes are going to fall. The only question for us is, how do we want to play that? And in our history there are two models. There is the model of easing out Marcos so that you can have a democratic answer in the Philippines rather than the communist one that everybody was afraid of, including Ronald Reagan; easing out the South Korean junta so that you could finally allow modernization in that country.

There are a couple other examples, easing out Pinochet in Chile so that you get a moderate alternative, not a radical alternative. There are other examples, the Shah, sticking with the Shah to the very bitter end so that you get precisely the alternative that you were hoping to avoid. And something I have all too much knowledge of, Somoza, sticking to Somoza. You stay stuck with Somoza right up to the end because they were afraid the Sandinistas were going to win and they handed the Sandinistas Nicaragua by sticking with Somoza too long.

We made a lot of mistakes in the Cold War sticking with these guys and I fear we're going to repeat that pattern instead of learning the lessons that you don't have to be trying to topple every dictator in the world. But there are moments in the histories of these countries, and I would say this is a moment in the Arab world in general, when now we need to be light on our feet. We need to be flexible. We need to get ahead of where things are clearly going precisely to try to head off some of these worst alternatives.

I'll just end with this. It is Mubarak's strategy -- conscious strategy -- to make it as true as possible that the choice is him or the most radical Islamic elements. In fact, they're trying very hard to say this is a radical Islamic protest. Notice what they did in parliament: they have wiped out any kind of remotely moderate or liberal opposition. They drove the Muslim Brotherhood out of the parliament so as to radicalize them, and we cannot be the prisoner of this, essentially, suicidal strategy.

What it will mean for Arab-Israeli peace? Well, first of all, what Arab-Israeli -- I mean, you know, we're not like in the middle of -- we're not real close at the moment from what I can tell despite the best efforts of some of our Brookings colleagues, but in any case, Egypt has a peace treaty with Israel, they have a stake in progress. They do these things for their own interest, not as favors to us, so what happens as a result of democratic progress in Egypt? I'm willing to take the risk. That's

what I would say.

MR. MANN: Thank you for that question. Right here.

MR. VAN DEN BERG: Hi, I'm David van den Berg from Tax Analysts. This is a question particularly for Alice although I'd welcome feedback from any of you. Your thoughts, please, on the President's comments about tax reform both on the corporate and individual level and the likelihood of something getting done and the keys to it getting done.

MS. RIVLIN: I thought the President said the right thing about tax reform. He couldn't lay out a tax reform proposal, but both of the commissions on which I serve felt strongly that we needed drastic tax reform, both of the corporate tax, which he was a little more specific about, and of the personal income tax. I believe we can drastically simplify the personal income tax and bring the rates down and still raise more money. We need to have a more progressive, simpler tax that actually raises more money and I would have been happy if the President had said that a little more specifically, but I was happy that he addressed the issue. I think there is some bipartisan interest -- strong interest -- in doing drastic tax reform and I hope it happens. I don't -- I'm more hopeful about that than some of the other things.

MR. MANN: Of all the elements involved in dealing with deficits, this is the most important and promising, I think, to combine them --

MS. RIVLIN: I think it's the most promising.

MR. MANN: That's what I mean. Of the -- yes, over here.

Please?

MR. WEAVER: My name is Bob Weaver. I represent sewer and water systems. Infrastructure is bipartisan, basically, and the House is -- T&I committee is going to try to figure out what to do about the Highway Trust Fund. There's, of course, growing interest in raising the gas tax, and the fiscal commission talked about out (inaudible) every year. Thank goodness for that recommendation.

But in terms of bringing public or private investment to infrastructure, the municipal bond market could use a lot of help and that's a great source of bringing private investment to that. The infrastructure bank, or at least some parts of the infrastructure bank, is supported by tax credit financing and that's a push on the deficit. And so I'd like comments, particularly from Dr. Rivlin, about strengthening the Highway Trust Fund model for infrastructure.

MS. RIVLIN: I'd like to hear from Bruce on this, actually, because I think he's delved into it more specifically. It's not just about highways and I, for that reason, I think we shouldn't be stuck in the Highway Trust Fund supported by a gas tax model. So far as transportation goes, I'm an advocate of road use pricing with congestion fees and -- but I think we need innovative ways of financing infrastructure.

MR. KATZ: You know, again, I think this is where the United States can really learn from abroad because, you know, A, I think the approach abroad looks across all these categories of infrastructure. I mean, the biggest lie about infrastructure is that everyone needs the same solution. In a country as varied as ours, you know, with economies as varied as our metropolitan economies, the solutions are disparate.

We had the U.S. Conference of Mayors in last week. I probably met with about 10 of the mayors. Every single mayor I had the same exact conversation because I wanted to compare and contrast their responses. I said to them what are the most transformative infrastructure investments to be made in your metropolis? And it ran the gamut from clean energy to high-speed rail to the airport to metropolitan transit to road expansion in some places to water/sewer reconstruction or expansion in some of the growing parts of the country, university build-out to health care IT, et cetera, et cetera. We really need to rethink infrastructure across these disparate categories as a foundation for a different kind of economic growth.

And the U.S. has some assets and some things we've done here, but we have been way behind on innovative financing. And I think the leadership is coming from below. It is not coming from this level of government yet. This level of government could unleash and unlock private capital with some relatively small number of interventions, but it's

really coming up from the mayors and the counties and from the private sector.

So, I actually think this is one of these bipartisan areas of compromise if everyone can just dial down the noise, dial up the pragmatism.

MR. MANN: The woman right here in red, and this is going to have to be our last question.

SPEAKER: Hello, (inaudible) from Kings College, London. I just have a question about infrastructure following from what we've been talking about, and given the sort of emphasis on win the future. What are the security implications of foreign investment in U.S. infrastructure, namely sort of Chinese enthusiasm to invest?

MR. KATZ: We already have foreign investment in infrastructure in the United States. I mean, I think --

SPEAKER: But you spoke specifically about sort of Chinese enthusiasm.

MR. KATZ: Look, I -- devil in the details here because I do think when you look at the continuum of interventions around infrastructure there's design, there's build, there's operate, there's definitely ownership versus leasing, but I think the devil will be in the details of these public-private partnerships. But we have an enormous amount of foreign investment in the U.S. in infrastructure already and I

think what we have to do is manage this politically and also describe with greater specificity the options we have moving forward.

I do not doubt that like Japanese investment in the '80s or, you know, some of the investments around our ports this could be very politically controversial. But perhaps by better describing what it means to have public-private partnerships and the range of interventions, we can manage this better.

SPEAKER: So, it's not a sort of security issues thing that we should be focusing on at the moment?

MR. KATZ: I don't -- well, there may be some different opinions on the panel, but I don't.

MR. KAGAN: It would depend on what we're talking about because, unfortunately, Chinese investment, it's just a reality, is not simply corporate investment, it's also Chinese government investment.

Now, in some areas of the economy I think that doesn't matter. I'm not sure what the Chinese government wants to do with high-speed rail in California. Now, on the other hand, there are areas of the economy like oil and energy where, you know, the Chinese have a very kind of security-oriented approach to these issues where I think we're going to be worried.

Now, the other thing I would say is there has to be a more level playing field if they're going to invest in the United States with U.S.

investment in China. And the way the Chinese treat some investment in China is they want to maintain the commanding heights, they limit the amount of profit that can come out, so I know there's going to be some concern about whether when we let them invest here are they going to let us invest there and under the same rules, but I would think it would differ from issue to issue. As I said, I don't know what the Chinese security implications of setting up our high-speed rail system are.

MR. MANN: Well, listen, I would like to thank my colleagues for their splendid, substantive, and politically savvy, and very lively contributions here this morning. I'd like to thank you all for coming. We are adjourned.

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

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