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PRAGMATIST OR PROGRESSIVE?
AN ASSESSMENT OF BARACK OBAMA'S FOREIGN POLICY

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P R O C E E D I N G S

MR. KAGAN: Well, good morning, and welcome to the Brookings Institution. I appreciate you're all here on time, despite the time change. So that's impressive -- highly intelligent audience.

Anyway, it's my great pleasure to be moderating and, I guess, introducing these three gentlemen here who have produced this fascinating book called *Bending History: Barack Obama's Foreign Policy*. There's nothing more difficult than trying to write what is, in effect, contemporary history, to analyze an administration while it is still in place. Such an endeavor must be taken with a bit of modesty and humility, and these gentlemen have all displayed that, I think.

Everyone knows that things are going to be seen differently in the future than they may be now. I'm reminded of a book that I recall from the Reagan years by Doyle McManus and Jane Mayer called *Landslide*, and it was written sort of right at the height of the Iran-Contra crisis, and the basic thesis of the book was that Reagan's presidency was finished. He was going to go down in history as a total disaster, and I always look back on that as one of the perils of trying to predict the future based on what is happening at exactly this moment.

But I think all these authors are aware of that issue, as they've approached this. Let me just introduce the authors.

On my right is Martin Indyk. I guess they're all on my right. Vice President, Director of the Foreign Policy program at Brookings -- my boss. All of our bosses -- so I have to interview my boss here, ask him what he thinks about his book.

Ken Lieberthal, Director of the John L. Thornton China Center, Senior Fellow in Foreign Policy and Global Economy and Development at Brookings.

And on the far right is Mike O'Hanlon, Senior Fellow and Foreign Policy at Brookings, where he specializes in U.S. defense strategy, use of military force,

homeland security and American foreign policy.

All of these gentlemen are highly experienced. They've been practitioners as well as scholars, and bring a real wealth of understanding, I think, and particularly in dealing with an issue like this, trying to evaluate a president's foreign policy. They bring a lot of historical and comparative understanding, because I think it's very easy to look at a presidency, either in isolation or only in comparison to the last presidency.

But of course, there was a broader historical context in which we have to look at the Obama administration, and this book really does put it in that context.

So I thought I would just try to start a discussion here, talk about some of the issues that are raised in the book, and then I'll ultimately open it up to you for your questions as well.

I wanted to start with the basic concept, that -- and Martin, maybe I'll ask you to describe the concept. I think you describe Obama as a pragmatic progressive -- a progressive pragmatic. Which is it?

MR. INDYK: Progressive pragmatist.

MR. KAGAN: A progressive pragmatist -- is that different from a pragmatic progressive? We'll have to explore that. But --

MR. INDYK: The answer is no.

MR. KAGAN: The answer is no. Okay.

I have to say I'm always suspicious when I hear the word pragmatic, because in the first place, people generally think that whatever they're doing is pragmatic, and whatever people who disagree with them is doing is not pragmatic.

But more generally, I always want to know, pragmatic into what end? What is the purpose of pragmatism? I don't think -- it seems to me a tactic, rather than doctrine, and it seems to me that pragmatism ought to head in some direction.

In the book, I often see -- the definition of pragmatism seems to be maintaining good relations with dictators. That's described as a pragmatic policy on several occasions in this book.

But having said that, why don't you -- I'd love to hear what your definition of that phrase is.

MR. INDYK: Well, first of all, the title of the book, *Bending History*, is an adaptation of President Obama's favorite quotation. He even has it embroidered in his rug in the Oval Office, which is a quote from Martin Luther King, Junior, from his famous speech in Montgomery, Alabama, in which he was asking rhetorically, "How long? How long will it take?" And he says, "How long?" He says, "Not long," because the arc of the moral universe is long, but it bends towards justice.

And the fact that this is Barack Obama's favorite quote, and he uses it, as we explain in the book, on several very important occasions, like when Hosni Mubarak steps down as President of Egypt.

It's, I think, emblematic of the President's own view of what he is trying to achieve. And that's the progressive side of him.

As Mike can explain in greater detail, he spent a lot of time on the campaign trail, not just distinguishing himself from George W. Bush, but laying out a vision, a broad and dramatic vision, not just for changing the country but for changing the world, for improving the world.

And this is Barack Obama's progressive vision, in which he sees a more humble United States, adjusting to the changes in the balance of power in a way that would preserve the liberal international order that you have spoken so much about in your recent book, but would do so in the process of shaping an emerging global order that involves new powers -- in particular, China, but others as well -- India and Turkey. But in the process, maintains the liberal international order, and bends it towards justice,

and freedom, and progress, and prosperity.

And that vision, which he sold to the American people, and he sold to much of the world as well, not surprisingly was not that easy to implement, especially when he faced, day one, the Great Recession, and had to focus on that necessarily.

But all the time, all along the way, we see him looking for the opportunities to advance this vision, but doing it in a way that is pragmatic. Mike coined the term "a reluctant realist." So it's pragmatic in the sense of being a realist in his approach, but he's not just adjusting to events and trying to do the best he can. We do feel that he has a strong sense of where he wants to take America and the world.

And what has emerged in his first three years is that there is a considerable gap between the vision and the result. And that's partly because of who he is, because he's not just a progressive, not just a liberal. He is a pragmatist. He is a compromiser. And we see that so much in the way that he handles domestic politics, but you see it very clearly in the way he handles foreign policy.

And we can make the argument that that's good, that's been good for the country, and we do argue that, you know, in terms of bottom line, the nation's interests have been fairly well protected.

But there's no breakthrough moment. There's no inspirational, transformational events under this presidency. What there is -- and I think he would accept this -- is kind of slow progress, where he can make it, towards the overall objective of improving the world.

MR. KAGAN: Mike, you want to jump in, but let me pose this. I mean, in theory, is it possible that ultimately the pragmatism overwhelms the progressivism, or the progressivism undoes the pragmatism?

I mean, it's very nice to postulate a perfect balance between pragmatism and progressivism, but in the real world, of course, they may clash, and I think you might

even point to instances in this administration where they've clashed. But do you want to take a crack at that, and expand on what Martin's been saying?

MR. O'HANLON: Yeah, I'll add a word there, and I thought Martin did a very good job of summarizing the generally favorable review of how we believe he's handled near-term issues.

But I think on broader issues of grand strategy and vision, he really has been, in a sense, too ambitious. To some extent, the world intervened, and he had to deal with crises and immediate challenges that, in some cases, were greater than he could have possibly anticipated when he began his campaign for president. In other cases, they're just what any president ultimately does in dealing with an inbox.

But I do think that having sold big visions about dramatically reducing global poverty and doubling foreign aid to help do that, about repairing the breach with the United States and the Islamic world, pursuing nuclear disarmament, not just nonproliferation but disarmament as a goal, ending global warming -- or at least making a major dent on that -- and having all these big ideas on his campaign in a way that -- frankly, he was so good at the rhetoric that people found it believable that he was going to try to do all these things.

He created an expectations gap, and it does set up, I think, a challenge for him in his remaining year in the first term, and if he wins reelection, about what will his final big priority be, and is it time now to try to emphasize one of those big goals, as opposed to just using the five or six dramatic visions as the cornerstones of speeches, but not really using them in governance very much.

And of all those things, we now have to add one more, which is -- and this is where we end the book -- which is the enduring severity of the American financial and economic crisis, because without making headway on that -- and it's obviously not just a problem for him, it's a problem of how Washington works and the country works --

without doing that, he can't do anything else ultimately, in terms of pursuing his big vision.

And as Ken Lieberthal, I think, has really well-emphasized, especially in talking about east Asia in the book, we're already perceived as a substantially weaker power, despite all this rebalancing toward Asia, which I think was pretty well done, despite a lot of the tactical moves that Jeff Bader and others have very well carried out.

But we are still in a fundamentally perilous position at a time when we have trillion dollar deficits. That's not compatible in the end with a strong or enduring foreign policy record.

So I'm generally favorable on Obama and what he's done so far, but when you raise the question of the big visions and of where he wants to go, he does have this fundamental challenge that continues to face him.

MR. KAGAN: Well, probably all presidents -- and when they're running for office -- lay out big visions that they don't accomplish. I'm a bit curious to review how different Obama is than anybody else in that regard.

But let's turn to Ken, because, Ken, I read the whole book carefully, but I've looked throughout your chapter in particular on China, looking for the word pragmatic. And I really only found it once. I didn't have a computer search. I was actually reading the book, and I found it in relation to the economic strategy of Secretary of the Treasury Geithner.

I did not find any use of the word pragmatic in terms of the overall strategy toward China, particularly on the geopolitical level, particularly with regard to the pivot.

In fact, the major point that you make, it seems to me, is that there is a gap, and potentially a big gap, between what the administration has promised in the region and what it is capable of delivering. And that would seem to me to be a highly unpragmatic approach.

Do you want to expand on that point?

MR. LIEBERTHAL: No.

MR. KAGAN: No. Okay. Then I will continue --

MR. LIEBERTHAL: Sure.

MR. KAGAN: -- expressing your view of --

MR. LIEBERTHAL: Seriously, the pragmatism comes in -- you're right -- I don't use the term constantly, but --

MR. KAGAN: Or at all.

MR. LIEBERTHAL: -- the -- or at all.

MR. KAGAN: I'm sorry. Go ahead.

MR. LIEBERTHAL: No, the pragmatism comes in as you look at the entire analysis of what he did toward China. He came in hoping to bring China to top table on global issues.

Given China's rapid acceleration up the global table of big powers, with interests around the world, he felt that we had to move from dealing with them primarily on bilateral issues and issues right around their periphery to dealing with them on the major global issues of the year -- the financial crisis, nuclear nonproliferation, climate change, et cetera.

And then you see an evolution of his dealing with China, as the Chinese basically proved not sufficiently responsive on those global issues, and then became more assertive in Asia as a region, and so you see him begin to put greater emphasis, stitching together an Asian-wide strategy, including China, but also with enormous attention to India, to Indonesia, to Japan, South Korea, et cetera.

So I think it's in the evolution of his thinking about China that you see as innate pragmatism.

We conclude with his articulation of this Asian strategy, which was

highlighted most clearly in his November 2011 trip to Honolulu, Indonesia and Australia. And there, the concern is the one that Mike ended up on, which is to say, on the one hand, he laid out a set of initiatives, a relatively integrated set of initiatives that were diplomatic, security, economic, and also advancement of democracy.

And it was really impressive, frankly. It kind of highlighted that despite some skepticism in the region, America can walk and chew gum at the same time, and is going to be around for a long time, and we can get our mojo back, right?

The soft underbelly of that is the question of credibility. Are we going to be able to pull that off? And the assessment in the book is, ultimately, probably the biggest single factor there will be whether we can get our domestic house in order.

Everyone in the region -- that's people in the United States and elsewhere around the world -- appreciate that America has never been outstanding for avoiding domestic problems and domestic missteps.

Our unique capability has been in making the adjustments necessary to confront domestic crises, resolve the crisis, and emerge stronger than we were before because of the adjustments we've made. I mean, it's the nature of our system to be able to do that unusually well.

The big question now is whether we've lost that capability. You know, whether it's eroded or not -- or, will we get it back, bounce back, in which case everything he's tried to do in Asia is perfectly credible.

So we conclude saying effectively, you know, this whole book is about foreign policy, rightly so, but let's not forget, at the end of the day, you can't have a robust, strategic foreign policy unless you have domestic credibility and your domestic house in order.

MR. KAGAN: But the chapter also talks about -- and I think it's critical the administration, at least implicitly, at creating a kind of feedback loop where the

Chinese are worried about the United States trying to hem them in, the administration is worried about China overplaying its hand, the administration response feeds Chinese concerns, which feed Chinese behavior, and you refer to it as a closed loop.

So it seems to me if you add that idea that I think you're effectively saying that the administration's potentially more recent policies are increasing tension in the relationship, including the increasing emphasis on democracy, which is the particularly neuralgic point for the Chinese regime, is increasing tension, while at the same time, not necessarily having the resources to back up a situation of increasing tension.

It seems to me -- I would say that's a pretty strong indictment of a China policy, if you think about even recent presidents.

MR. LIEBERTHAL: I guess life is complicated, you know. The democracy side of this came into -- you know, Obama has not had that at the center of his foreign policy for most of his administration. It's been there, but it's not been the central focus, unlike, say, the George W. Bush administration that said, you know, we're all about democracy promotion -- the Arab Spring obviously for a system more central placed in global foreign policy.

And then in Asia, developments in Burma drew the administration into democracy promotion in Asia, or the rhetoric of that and the actual efforts vis-à-vis Burma.

You're right. To the Chinese, this is especially neuralgic. Obama has not pressed this with China. He's raised it constantly, but not made it, by any means, the center of his policy toward China. But it worries the Chinese when America has democracy promotion high on its agenda, because they see that as regime change in China.

Now let me say, as Obama has tried to put together an Asian strategy --

coping, by the way, with a more activist China in the region, and one that harbors deep structural distrust about American long-term intentions. I mean, they fundamentally think that America's number one, China is now number two. It is an article of faith that number one is going to try to prevent number two from ever becoming number one. And that casts everything we do in a king of very suspicious light in their mind.

He has worked very hard on building personal bridges to the leadership of China, trying to engage the Chinese across the board, but I will say, at the end of the day, I think this distrust over long-term intentions has actually grown in the last few years. I think it's something that very much needs more attention than it's gotten today, to more creative attention on both sides, or we are potentially headed for very serious problems a decade from now.

MR. KAGAN: Yeah. Well, let's talk about the increasing emphasis on democracy that's occurred in the administration. And I think it makes sense that it's probably a response to what's happened in terms of the Arab Spring.

And maybe, Martin, I'm wondering if you'd like --

MR. INDYK: I thought it was a response to your constant lobbying on this issue.

MR. KAGAN: Well, no, that's right, because we all know that my ability to influence successive administrations is overwhelming.

But would you like to take a -- give us your thoughts, because I know it's a complex picture in the book. I have to say, one of the really good things about this book, which I commend everyone, is it's actually a very meticulous walking through of what's happened, and it is the best kind of contemporary diplomatic and strategic history.

And I found that the -- this is true in all the chapters, but I was particularly struck by the way the book walks through the various stages of the administration's response to the Arab Spring. And not surprisingly, because I think it's common -- it would

be odd if it were not true, but the response has been a kind of mixed picture in terms of how the administration has approached the Arab Spring.

I'm wondering if you'd like to give us a bit of an outline of how it looks to you.

MR. INDYK: Well, as Ken has already suggested, it's complicated. Barack Obama did not make democracy promotion, especially in the Middle East, an objective of his foreign policy.

In fact, democracy promotion more generally is not something that he saw as important, particularly because he was trying to distinguish himself from what he saw, I think, as the disastrous efforts of Bush to try to promote democracy in the Middle East.

And so you see it. You see it in the national security strategy paper that the White House put out. It's kind of referred on page 35 of a 48 page document, and it really basically lays out a justification for how to work with authoritarian regimes, rather than how to overthrow them.

And so it certainly wasn't on his agenda for the Middle East in particular, where his first priority was resolving the Israeli-Palestinian conflict, which we can get back to, but is the clearest failure of his foreign policy to date.

But all of a sudden, you know, the people of the Arab world started to come out in the streets, starting in Tunisia, and then spreading quickly to Egypt and across the whole region, demanding freedom, democracy, accountable government -- the very things that we, as Americans, hold dear.

And I think here, at that particular moment, the President made a strategic judgment that was correct in my view, and critically important. It had several elements.

First was, this is not about us. This is Arabs demanding a change in

their governments, and we need to get out of the way. And that, I think, was critically important, that we not become the story, because it could easily have happened that way.

The corollary of that is that we need to be on the side of the people, and we need to be on the right side of history, is the way he saw it.

And the critical way of manifesting that strategy was to push Mubarak out the door, or to help the Egyptian people push Mubarak out the door.

And that was not just in terms of how he wanted to position the United States in the face of a revolution that was going on in the Arab world, but also was important in the Egyptian case, because in the process -- and I describe this in detail -- he is not -- I don't think it's very well understood -- that he also made the judgment that it is critically important in terms of our strategic interests in the region that we help to preserve the role of the Egyptian military to be, as it were, the midwives of a democratic transition.

Now it didn't quite work out that well, but he at least did actively engage with the military and get them not to fire on the people, and to preserve their role as the agents for change.

And so, you know, why do I say Egypt's the most important? It's because it's the largest, most powerful, culturally most important, geo-strategically most centrally located country in the Arab world. You know, one in four Arabs is an Egyptian, and it's the cornerstone of our whole strategy for maintaining stability in a volatile but vital part of the world. So what happens in Egypt is really important.

And he -- at the outset, he basically got that right. Now it didn't work out so well, because the Egyptian military turned out to be feckless, and useless, and counterproductive, and there's not a lot that we've been able to do about that. But the theory of the case was right, and I think he deserves credit for that.

But across the region, it became also a lot more complicated. In Bahrain, where you had a good ¼ of the population of the country in the streets, and occupying that Pearl Circle, he took the other approach, which was to back the king and the royal family against the demonstrators.

And that kind of tension between on the one hand, promoting our values in Egypt, and on the other hand, protecting our interests in the oil-rich Persian Gulf by essentially not standing up to the Saudis when they sent their forces in to suppress the demonstrators, was, you know, I think, in a way you could justify it as the right judgment at the time.

But it really did create this kind of tension between our values and our interests, which we can't get away from in the Middle East. It's always been a problem. Up until the revolutions, we were totally focused on protecting our interests and in bed with all the autocratic regimes, and the kings, and the sheikhs, and the Mubaraks to protect.

Now we couldn't do that anymore, so he had to find a way to balance values with interests. And in the case of Bahrain, it was all about the oil, and so it was all about protecting our interests and stability there.

In the case of Libya, which was a strategic sideshow for the United States, he could promote our values by helping to protect the Libyan people and helping to overthrow Gaddafi.

In Syria, which is the issue de jour, our interests and our values coincide, in our view, in terms of helping the Syrian people overthrow a horrendously brutal regime.

But on the other hand -- or, I should say, on the same hand, strategically, this would deal a devastating blow to Iran, because Assad is Iran's conduit to influence in the Arab-Israeli heartland.

So our strategic interests and our values coincide here in supporting the

people of Syria in their desire to overthrow the regime.

And yet, the President has been reticent, in terms, first of all, of calling for the overthrow, and in terms of actively engaging in the effort.

And I've already been too long on this answer, but I think that's a mistake. I think it comes from an awareness on his part and within the White House of this factor that we point to, of the gap between his vision or his rhetoric, and the ability to produce results.

In the case of Libya, he called for the overthrow of Gaddafi, and he achieved that. In the case of Syria, he's called for the overthrow, but he does not want to put forward the means to actually achieve that. Military intervention, from his point of view, is off the table.

And, you know, it's difficult to see -- without some kind of military intervention -- I think Turkish military intervention -- it's going to be possible to achieve the declared objective of overthrowing us.

So in a sense, we've done as best we can, and I think he deserves credit for that, in a very complicated, fast-moving situation in which we don't have a lot of control.

But the story on Syria is unfinished, and I, for one, would like to see him being a lot more assertive than he is.

MR. KAGAN: Well, we'll get to that in a second. I mean -- but as I was reading that section of the book, where the book, again, marches very methodically through the various phases of President Obama's policy towards Syria, including what I would've characterized as a very pragmatic decision not to get too far out in front for several months.

But then, of course, he does call for Assad last August. He does call for Assad to depart, which is not then followed up by any particular decisive strategy to get

that. I don't know. Where does that fall on your continuum between pragmatism and progressivism? I mean, I think I know what the answer is.

But -- and lying behind all this -- so I think I'll go to Mike for a second, because --

MR. INDYK: A pivot?

MR. KAGAN: Let me pivot over to Mike, right -- which does not imply leaving you in any way.

MR. LIEBERTHAL: And Mike has always been here. We never left him in the first --

MR. KAGAN: And I want to add another element, because I have to say, if I had one critique of this excellent book, I would say there's not enough politics in it. There's not enough President Obama as a political figure and a political actor as well as a decision maker and a strategic thinker.

And I want to pick up on the point that you just made. The President walked himself out rhetorically, as far as you can go on Syria. But the White House -- and I would say particularly in an election year -- is loathe to contemplate another military action.

Now, Mike, you talk a lot about -- I mean, you have, and this book addresses -- you all address at great length the wars that the President has tried to wind down. And yet, the President did order an intervention in Libya, which I think most people were surprised. I'm not going to tell my John McCain joke again, but that was kind of a surprise.

Where is the President now on the whole idea of the use of force? James Traub wrote in *the New York Times* recently that, "it's the end of intervention. There's not going to be any more interventions."

But where do you think the President actually is as a theoretical matter,

as a matter of principle and theory on the idea of using force?

MR. O'HANLON: Thanks, Bob. And of course, this does get to the crux of the dilemma you pointed out earlier about contemporary history, because I sense that the President's views have evolved during his time in office, and I think that's part of why he's reluctant to be forward-leaning on Syria. I think he's a little more tired of war now than he was three years ago, just as the country is. That's not a reason to stay disengaged if immediate security threats on the line.

And in regard to his Iran stance lately, he's been more clear, I think, that if certain actions were to take place, I interpret them as making it more likely the United States would militarily intervene.

So it's a mixed thing. I think he is a realist in the George H.W. Bush camp in some ways, that he will make a call about whether he sees an interest as vital or not, and his military thinking will be adjusted appropriately and accordingly. So --

MR. KAGAN: We can count on two more major interventions in his term, if he's like George H.W. Bush.

MR. O'HANLON: At that pace, I guess, yes. But, you know, I think people doubt at this -- a lot of people doubt whether he's still got the willingness to use force, but then he talks tough on Iran. He also still happens to have 90,000 U.S. troops in Afghanistan on a very sad day, on a very sad week in Afghanistan, in a war that's been very tough throughout.

But we have 90,000 troops still there, despite the accelerated drawdown, which last June, when it was announced, I was against, and thought it was too fast. It's still worth pointing out we're going to have roughly twice as many troops at the end of his first term in Afghanistan as we did at the beginning of his first term in Afghanistan.

And on Iraq, even though a lot of Iraq watchers wanted the United States to find a way to keep forces longer than through 2011 -- and I was hoping we would, too -

- at the end of the day, Barack Obama kept U.S. forces in Iraq 20 months longer than he had originally promised on the campaign trail, and he only left when the Iraqis themselves said, we're not going to give you a law giving immunity to your troops.

Now some people think he could've found a way, of course, to stay anyway, and perhaps a third term George W. Bush would have, but it's worth pointing out that George W. Bush and Prime Minister Maliki are the ones who signed the original deal that would have had U.S. forces leave by the end of 2011.

And we give Obama some credit, even though we -- myself, at least, and I think in the book, we reflect -- there was a logic to trying to stay. Once the Iraqis said, no thank you, we were right to leave.

And so, again, Obama, I think, makes his calls case by case, and there is a sense of which interests are vital, which ones are secondary, but there's also a pragmatism.

And last point on this quick overview -- on Afghanistan, I don't know how to predict his next move, because the past three years would suggest he's going to be hawkish.

But I think he's constantly assessing the do-ability of the mission, and he also knows that al-Qaeda has been largely decimated on his watch -- to some extent, to his credit, to some extent, of course, to the credit of our broader intelligence and military communities. And therefore, frankly, the stakes in Afghanistan may be a notch below what he thought and what we all thought three years ago.

So I think he will continue to assess not just, you know, where we've been on Afghanistan and where he's been, but what's doable in the future. He's very, in that sense -- sorry -- very pragmatic.

MR. INDYK: Can I just address the politics --

MR. KAGAN: Yeah, yeah.

MR. INDYK: -- point here, which -- to the other side of your question -- is that clearly, as he prepared to move into election mode again, he wanted to be able to be the president who was ending wars in the Middle East, and not starting new ones. And I think that was a very political judgment.

He also made a political judgment that he wasn't going to keep on pushing the Israeli-Palestinian issue, because that was bad politics. He just dropped it like a hot potato, turned his back on it.

But -- and you could say that Afghanistan is exactly as Mike says, an indication of his realism and his willingness to use force -- and in particular, a willingness to go after al-Qaeda, Osama bin Laden, in a very tough and effective way. And we give him credit for all of that.

But it's also -- Afghanistan is also a story of going in to get out, and the effectiveness of the policy was affected by his desire on the one hand to be tough and to be seen to be tough, to give him a kind of political Teflon coating against Republican charges that he was weak and feckless. They're still charging it anyway, but it's not going anywhere.

But on the one hand, the desire to be seen to be tough, but on the other hand, for his own base to be seen to be ending wars, rather than prolonging them. And so I think Afghanistan policy was affected by that political calculation.

MR. O'HANLON: Let me add an Asian dimension to the politics side of this, which is, I think that, at least in terms of the packaging of his November trip last year, where he articulated this Asia strategy, was in no small part to highlight that this administration is now delivering. We're not only exiting from wars, we've now got our attention where our biggest opportunities are, and we know what we're doing, and we're very forward-leaning and dynamic.

Also on China, I think from the start, the President has had a very, very

jaundiced view of China's economic and trade policies, so he's -- you know, this has been an area that's been very neuralgic for him.

But I think the rhetoric has gotten knocked up a notch, because A, he thinks those policies are reducing his capacity to generate the jobs that he feels he needs for America and to be reelected, and B, he wants to be seen very clearly as strongly defending American economic and trade interests here. So he's at it full, you know, full bore this year.

MR. KAGAN: Well, let's do a little bit of prediction, because you guys have been now steeped in Obama's brain. As well as anyone, I would say, you know where he's been, and have watched him evolve, and have written very intelligently about it.

Let's, for the sake of argument, say that he's elected and has a second term. My rough reading on history is that it's often the case that presidents wind up defining their foreign policy legacy more in a second term than they did in the first. I would say that was true of the Clinton administration. I would say it was true of the Reagan administration.

A lot of -- sometimes it's because what they started in the first term bear fruit in the second. Sometimes it's because events change, they shift.

In any case, let's look ahead to a second term, and let me ask you, Martin, some very bold questions.

Will Barack Obama use force against Iran in a second term?

MR. INDYK: Yes.

MR. KAGAN: Okay, good. Moving on, do you want to -- go ahead.

MR. INDYK: I'm not sure. I think --

MR. KAGAN: Yes -- don't back off. You're all witnesses.

MR. INDYK: I've thought for a long time that Barack Obama will end up

using force in a preventive strike on Iran's nuclear facilities. And it's not to do with politics. It's very much to do with his progressive vision of this role of the United States in shaping in multilateral, global order.

Nonproliferation is a fundamental pillar of that order. And he, as President in his second term, is not going to be the one to preside over the collapse of that pillar, which he sees -- and he's laid it out in this *Atlantic Monthly* interview that he did last week -- he sees as threatened now. The collapse of that pillar is threatened by Iran's determination to acquire nuclear weapons capabilities.

As he explains it, that would, if unhindered, the Iranian move towards nuclear weapons capability would trigger a nuclear arms race in the Middle East. It would be the case of a signatory to the nonproliferation treaty actually acquiring nuclear weapons, notwithstanding its obligations.

And in that context, I think he is not prepared to tolerate that, and he's trying to make that very clear to the Iranians now, by taking containment off the table, which, again, he did last week. He's basically saying, look, you guys have got a choice. You either give up your nuclear weapons aspirations, or if you keep on going down that road, I will use force against you.

And so that's why I say that's the direction we're moving. And of course, you know, in terms of second term work, it's deeply ironic, because in effect, what -- this is what we say at the end of the book -- what's emerging out of this progressive pragmatism or reluctant realism is a strategy to rebalance and focus U.S. interests on Asia, east Asia in particular, and Ken has described a strategy that is fairly coherent and could work.

And it's described in some quarters of the administration as a pivot. Well, if you pivot towards something, you're pivoting away from something. And what he's pivoting away from is the Middle East.

And that's -- you know, he's ending two wars in the greater Middle East. He's dropped the effort to resolve the Palestinian problem, and I don't see him picking it up again. We can get back to that if you want to.

And the underlying little secret that people are kind of finally waking up to is that in his second term, we will no longer need Middle Eastern oil. We only import 10 percent from the Middle East today, from the Gulf. China and India will be highly dependent, and of course, we will still have an interest in the free flow of oil.

But the idea of, in effect, turning his back on the Middle East and focusing on our interests in Asia is, I think, where he wants to take the United States in his second term.

And that's why I say it would be ironic indeed if, for the sake of preserving the nonproliferation pillar of the new international order, he ends up starting a third war in the Middle East.

MR. KAGAN: Well, it will not only be ironic, it would seem to me to be disruptive of his strategy.

I don't see exactly how -- especially at a time when our military resources are constrained -- he can undertake a war. I mean, it's not just a quick war, and it doesn't end when we finish shooting, so that'll be a major recommitment to that region. And then at the same time, maintain this allegedly, you know, increased position in East Asia.

But, Ken, you wanted to jump in?

MR. LIEBERTHAL: Yeah. If I look ahead on the East Asia side in this strategy, it seems to me there are three huge variables.

One is exactly what Martin just said, which is to say all of this is premised, at least in part, on being able to shift our attention to east Asia, and on the military side there, it isn't a commitment to build up military resources. It's a commitment not to reduce military resources when they're being reduced globally.

But if we get sucked back into the Middle East in a major commitment, that obviously has enormous potential repercussions.

Two other things are going to affect this. One is that we're going to be changing our team. Even if Obama's reelected, Secretary Clinton has played a huge role in Asian strategy, and some of her key staff have been very dynamic on this, and they're going to leave.

So, you know, with new folks in place, you have to ask how -- you know, what modifications will occur, including a capability for effective execution.

And then finally, I come back to what Mike raised at the beginning, which is to say, elections are the American equivalent of Chinese five-year plans. You know, they kind of say, this is where we're headed for the next few years. If this election, no matter who wins, enables us to get back on our game economically, build confidence that we will get ahead of our fiscal train wreck that's going to hit us a decade from now if we don't start really moving ahead on it now -- if it enables us to do that, then we're going to be much more effective in an Asian strategy.

If it doesn't -- if we look as dysfunctional in this city after the election as we were before, you know, a lot is going to change in the second term, in directions that Obama does not want to see occur.

MR. KAGAN: Let me just ask you quickly -- flashpoints that could erupt the known unknowns in East Asia over the net four years?

MR. LIEBERTHAL: Sure. The biggest known unknown in East Asia is North Korea. And it appears that the succession there has gone more smoothly than many anticipated, but this is a complicated place. We don't know a whole lot about it, and if things really began to melt down there, it would change the future of northeast Asia for a long time to come -- just the dynamics are so dangerous there.

The other big unknown in the region, frankly -- we know more about it,

but at the end of the day, huge array of judgments on is -- is how dynamic China is going to remain. You know, we talk about our own economic difficulties and our need to change some pretty basic things. The Chinese recognize full well they need to adopt a new development model.

The model that's served them so well for 30 years has now largely run its course, and it's producing increasingly negative outcomes there. In their typical fashion, they've adopted a five-year plan that lays out the new model. It's very unclear whether they have the political capability to actually implement it, given vested interest in the system and that kind of thing.

And if they don't, the forces of instability in China grow, and again, no one's ever been very good at predicting the future -- when things might actually become a major problem. But the Chinese are certainly worried about it, and if they do trip up, a lot of the current glib expectations about the politics of the region will have to be recalibrated quite seriously.

MR. KAGAN: And, Mike, Afghanistan in a second term -- get out as quickly as possible, recalibrate, try to stay in and achieve some acceptable outcome, especially in the wake of the shootings, and the Koran burning, and the general -- and the rising polls in the United States which show Americans have tired -- long since tired of this conflict.

What does Barack Obama do in a second term in Afghanistan?

MR. O'HANLON: Well, I think he will have made his big decisions before such a term, because I think they'll be made primarily -- not exclusively -- in the next two to four months, as he decides what happens after September.

When we get down to that 68,000 U.S. troop number -- which, as I mentioned before, will still be twice the number of American forces we had in Afghanistan as when he was inaugurated -- but the question is -- and I think it's no particular secret

among leaders in Afghanistan that they would like to see a bit of plateauing in our presence for awhile. There's a lot of work left to do.

There is a campaign plan in Afghanistan. There is a sequence of events that's being carried out, as you know, and a big part of the focus now is the east of the country, where we've never had the resources that we really wanted. Stan McChrystal didn't get his full array of forces as requested in the fall of 2009, and then after that last spring, President Obama accelerated the drawdown, meaning that the east remained deprived of the forces originally intended for it.

So the campaign plan requires us to do some work in the east, and then the highway from Kabul to Kandahar, and then of course, keep building up the Afghan army and police.

And that implies, frankly, a fair amount of hard work through 2013 and into 2014. And I think the president's going to essentially decide in the next few months whether he still believes in that campaign plan.

I think at the moment, we can't be sure, and obviously, commanders in the field, ambassadors in the field don't get to make these decisions. Presidents do, and I think Obama's at this moment sorting through how he feels about these questions.

MR. KAGAN: I'm going to say I'm somewhat surprised at that answer, because it seems to me -- I understand presidents running for reelection have one view of how they feel about a conflict they're in, then they get to be president for another four years, and they have to preside over whatever decision they've made -- which, if they've made a certain kind of decision that is unsuccessful, may mean, in theory at least, the United States heading out of Afghanistan with its tail between its legs on his watch.

And I wonder, is there no way in which he might, as a reelected second term president, want to recalibrate where exactly he winds up in Afghanistan, or will he be bound by whatever decisions he's made two months before he's reelected?

MR. O'HANLON: Are you saying that there's a chance that he could become tougher, more resolute, and more patient on Afghanistan once reelected?

MR. KAGAN: I'm asking you whether you think that's a possibility.

MR. O'HANLON: No, I don't.

MR. KAGAN: Okay.

MR. O'HANLON: I think that if he's decided to cut forces below 68,000, and he does it during this fall's big election campaign season, there's no putting Humpty Dumpty back together again.

You will have essentially begun to leave the bases, and essentially sent Afghans the message you're not going to partner with them in the field, as previously intended.

I mean, you could always -- in theory, sure, you know, if he really wanted to just fool us for six weeks, I guess he probably could, and then immediately pull back as of the day after reelection.

But I think that, as a practical matter, if he decides he's lost faith in the strategy, we're probably going to see evidence of that before Election Day -- further cuts that would begin perhaps even in October. And I don't think he will reassess that.

Now it doesn't mean he goes down to zero, but it does mean he goes to a primarily --

MR. KAGAN: One final question on this -- do you think that he faces a potential helicopter off the roof of a -- if I were a journalist, I would be asking that kind of question -- helicopter off the roof of the American embassy moment in his second term?

MR. O'HANLON: I think there's a chance Afghanistan could fail. I don't think it's likely to fail quite that way. I think it's more likely that large swaths of the south would go first, but, you know, second terms are long, and there's a lot of time, a lot of things could happen between now and then.

So yeah, there's a chance this mission could simply fail, and I don't think it's likely. I think even if we get to a poor outcome, it's more likely to be one where there are elements of the country still held by the government, but an increasing sense that the big swaths of territory where al-Qaeda, and Lashkar-e-Taiba, and other terrorist groups could find sanctuary are increasingly beyond the government's control and our control.

That would be a pretty mediocre to poor outcome, but it still has the Afghan government in charge of Kabul by most prognostications for most scenarios I could envision.

MR. KAGAN: Let me just start in the Middle East, finally, and then we can move on, and then ultimately go to questions.

Martin, if I read you correctly, I look at a Middle East in Obama's second term that includes a preemptive -- I think is the word -- strike against Iran, without a U.N. Security Council authorization, obviously, because the Russians and Chinese are unlikely to approve a military strike, with whatever fallout comes from that attack in the region.

A completely stalled Middle East peace process -- I think that you were suggesting that you're not anticipating him picking up that hot potato anytime soon.

And I suppose, given that you don't think he's going to use force in Syria -- and I would imagine you would say partly because he may have to use force in Iran -- possibly an ongoing bloody, you know -- at least for the first period of his term, bloody outcome in Syria.

Very uncertain situation in Egypt -- I'll leave it there, but you know, we could go on.

That's not a very pretty picture for the President's second term.

MR. INDYK: Well, you've described the Middle East, you know. That's the Middle East. I mean, I think you're painting it --

MR. KAGAN: Am I painting it in too stark of terms?

MR. INDYK: Stark terms, yeah.

MR. KAGAN: Well, give me the more positive spin.

MR. INDYK: You know, we know in the Middle East, something always turns up, and it's usually bad. You've described all the things that could go wrong.

But sometimes, it's not. You know, and you never know what currents and conflicts are going to produce what kind of opportunities.

I do think that the basic strategy that presidents, both Republican and Democrat, have employed for the last four decades no longer applies.

The most obvious point about that is that Egypt is no longer the stable ally of the United States. The Egyptian Parliament today is debating whether to renounce American military assistance. I don't think the military's going to go along with that, but you know, it shows you where things are going there. We no longer have an Egyptian pillar on which we can base our strategy.

Saudi Arabia -- it remains a pillar, but it's one -- I mean, we have some deep differences with Saudi Arabia about what should happen politically in places like Bahrain and other kingdoms. We think they need to get on the road of political reform. The Saudis say: you've got to be kidding me.

And on the peace process, you know, we haven't really talked about it, but --

MR. KAGAN: But you could talk about it now if you want to. No, this is a good -- I don't want to steal your opportunity to talk about the peace process.

MR. INDYK: I don't want to -- think the audience has some questions.

But it just -- you know, I think the President has been so burned by his experience there -- an experience which is much of his own making, but I find it hard to imagine that he's going to go back to it, unless something dramatic changes, unless you've got the leadership on the Israeli and Palestinian side that are really prepared to

take the risk necessary to make peace. And then he can come in and support them, as previous presidents have done when he had those circumstances.

But looking out there today, that doesn't look very likely.

And so I think that inevitably, you know, it's the old bicycle theory -- so many of you have heard this. In the Middle East, if you're not pedaling forward, you fall off. And we're not pedaling forward, and so one thing or another, whether it's Iran, or a flare-up in the Israeli-Palestinian conflict, or -- something will drag us back there.

But when we are dragged back, we're going to be more awkwardly placed than we've been for a long time in terms of trying to preserve our interests and try to make progress in that part of the world.

MR. KAGAN: I must say, listening to you all talk about a potential second term, and where things stand, and given that the general approach of the book is to say that Obama's done pretty well, and I'm reminded of that scene in the diner -- I don't know whether you all remember -- in *Diner*. Remember that movie? A guy's about to get married -- Steve Guttenberg's about to get married, and he asks the guy who's married what married life is like, and the guy basically says, well, it's really terrible. I mean, you know, we have nothing to talk about, and we really don't get along. I don't even know why -- you know, it was more fun before we were married. And at the end, Guttenberg says, but it's nice, right? And he says, yeah, yeah. It's nice, it's nice.

That's the kind of view I get here. Let me just --

MR. LIEBERTHAL: Bob, if I can just add a word to this --

MR. KAGAN: Yeah, yeah.

MR. LIEBERTHAL: Let's face it. What he is coping with -- setting aside the Arab-Israeli peace process as a separate issue, what he's coping with in much of the Middle East now is what the Bush administration sought to see occur, which is pro-democracy movements from the bottom up.

The problem with those is, you never know where they're going to head, and the forces of reaction in the Middle East are extremely powerful, deeply rooted, and the sectarian issues are very tough issues.

So with this having started, you know, you're riding a tiger, and you just -- so --

MR. KAGAN: No, no, obviously. All right, one final thing, and then I'm going to open it up to -- give me one more -- because I get to be in this role now. I love it.

I want you to give two grades to two different presidents -- and no, you don't get to grade George W. Bush. In your particular areas, grade Bill Clinton's presidency and Barack Obama's presidency.

And we'll start with Mike.

MR. O'HANLON: May I do it in the first three years of each, or do you want the eight years of Clinton and --

MR. KAGAN: Eight years of -- the full Clinton picture.

MR. O'HANLON: In the areas --

MR. KAGAN: You can give term grades if you want.

MR. O'HANLON: Okay. Well, it's --

MR. KAGAN: Two terms, yeah.

MR. O'HANLON: Obama's been much better than Clinton in his first three years on national security policy.

MR. KAGAN: Grade.

MR. O'HANLON: I know, but I needed to say that. Over the eight years, I think Clinton increasingly did well. I'd say on balance, I'll give him a B+ for national security, and that's the ballpark of where I am on Obama.

MR. KAGAN: Okay. Ken?

MR. LIEBERTHAL: You know, frankly, Mike wanted us to grade Obama,

and I'm the one that refused to do it --

MR. KAGAN: Right.

MR. LIEBERTHAL -- so it's not in the book.

MR. KAGAN: Right.

MR. LIEBERTHAL: Because I don't believe in that. I would give them both an A- on China.

MR. KAGAN: Okay.

MR. LIEBERTHAL: Let me say --

MR. KAGAN: You're grading yourself here. So I realize that, you know.

MR. LIBERTHAL: Let me make that more specific -- Clinton is in the second term. I thought in his first term, he tripped over himself so much from his own campaign rhetoric that he couldn't get China right.

Second term, I think an A-.

MR. KAGAN: So C+, and then A+, and then an average down to -- yeah, okay.

I know, you're grading yourself, too, but --

MR. INDYK: You're right. I'm not objective. Yeah, on the Middle East, you have to say that -- I think that Obama deserves pretty much an A to A- on the Arab awakenings. I think he's done pretty well in terms of protecting our interests and promoting our values.

On the peace process, there's no way of getting away from it, and I should take a powder like Ken, but it's an F.

MR. KAGAN: Okay.

MR. INDYK: I think Obama would agree with that.

MR. KAGAN: Okay. Well, thank you.

We're looking forward to all your questions now.

Yes, sir -- gentleman in the front here.

MR. GRAVES: Christopher Graves with Ogilvy.

A quick question for Martin -- I doubt it's quick. I apologize. For Martin and Mike first -- I never heard mention of Pakistan, and I'd wonder what role that might play in a second term for Obama.

And for Ken, who would China prefer, a Romney president or a second term Obama?

MR. O'HANLON: I'll say a brief word on Pakistan -- obviously very challenging. I think that Afghanistan policy, to some extent, could fail, as I said earlier, probably because of Pakistan's role. That plus the politics in Kabul and the future of Karzai are the key threats to the mission, I think.

In terms of the U.S.-Pakistan partnership, I give this administration reasonably decent grades for keeping on trying when nothing was working.

And on Afghanistan, I think their messaging and their teamwork was relatively mediocre. By contrast, towards Pakistan, I think the strategic dialogue and a lot of the outreach was pretty good. Now the two issues are interlinked, so mistakes we made on messaging in Afghanistan affected Pakistan policy, I believe, so I don't want to completely establish a distinction between the two.

But I think this administration's been extremely mature, and disciplined, and realist on Pakistan. We don't have any choice but to keep working the relationship. There have been things that have gone up and down along the way. Bruce Riedel has some very good ideas, I think, on where we should go next with Pakistan -- certainly not disengagement.

You got to keep trying, and that's what they've been doing.

MR. INDYK: Well, on Obama versus Romney on China, the Chinese clearly prefer Obama. But that's for two reasons.

One is, they always prefer the person they know, if they have a reasonably good relationship with him, and Obama's worked very hard on that relationship.

But secondly, Romney has moved pretty far in the direction that Bill Clinton moved in his campaign his first time around, and made a bunch of specific comments about what he would do, all of which are real sources of trouble with China if he actually moved ahead and did them.

So you don't know whether he'll try to back off, but when you get specific in campaign promises, they tend to come back to bite you. And so Romney has said, for example, he would declare China a currency manipulator on day one. He actually doesn't have the authority to do that if he were President, but setting that aside, it's a potential problem.

So I think on balance, they'd rather stick with the guy they know.

MR. KAGAN: Lady right there in green.

MS. NEGROPONTE: In house, Diana Negroponte -- multilateralism. Are we getting tired of it, or will we keep up the effort?

MR. O'HANLON: Well, one of the big issues on multilateralism is not only at a global level, but at a regional level.

And one of the things you see in Asia, certainly, and I think to some extent elsewhere around the world -- the Arab League and so forth -- is regional organizations that traditionally are feckless are now becoming actually fairly active and important.

My sense is, in Asia, the Obama administration has come to a very conscious strategy of kind of picking the multilateral platforms that it wants to see play a major role, and others that it would like to see more marginalized.

And so in Asia, the East Asia Summit, we are now moved front and

center, especially on Asian security issues. We're trying to build a platform on the economic and trade side called the Trans-Pacific Partnership.

So I would say they've bought into regional multilateral organizations, at least in Asia, very strongly, but with a real strategy behind that. It's not multilateralism for the sake of multilateralism. It's, how do you advance American interests with particular multilateral organizations and move them --

MR. INDYK: Just as a quick coda, what's interesting in this Arab awakening -- you know, in terms of looking for partners, who would have thought we'd be working with the Arab League, which was a particularly feckless organization -- suddenly has become an important actor in this.

MR. KAGAN: Well, let me just ask -- because that's an interesting question. As I recall, in the Bush years, multilateralism tended to be defined as the United Nations.

I would say this administration looks from the outside to be a little frustrated with the U.N. Security Council. I think that Secretary Clinton made some very strong negative statements about the utility of the U.N. Security Council.

Do you foresee -- and Martin, you mentioned that they might undertake an Iran strike, probably without U.N. Security Council.

MR. INDYK: You said --

MR. KAGAN: I said that. Would you disagree?

Well, let me just ask, do you see --

MR. INDYK: Don't forget that Obama -- one of his signal successes was getting the Russians and Chinese --

MR. KAGAN: Right.

MR. INDYK: -- to vote for a U.N. Security Council resolution on Iran that imposed harsh sanctions on Iran.

MR. KAGAN: No, I realize that. So my question is, where do you see the trend going -- toward greater attention to the U.N. Security Council, or lesser attention to the U.N. Security Council?

MR. INDYK: I just think that -- yeah, Obama's vision is of a multilateral order, in which the United States will still play a leading role. But he recognizes that the name of the game is change, and he has to engage with these other powers, these rising powers, whether it be China or India.

And it plays -- inevitably -- a major playing field for this engagement with rising powers is going to be the Security Council. And I don't think we have any choice about that, because of the nature of the shifting balance of power.

The days -- and I think this is right. I think you will even agree with this, which is, the days of George W. Bush style unilateralism are essentially over.

And the desire to have legitimacy for our military interventions is very strong, certainly in this administration, but I wonder whether it would be that different, simply because the way that the balance of power has shifted.

MR. KAGAN: Well, it was also Bill Clinton who went to war without U.N. Security Council authorization when you couldn't get it.

And I would say in response to what you said -- not that I'm supposed to be responding, but the trend of recent American presidents has been -- I think you could summarize their policy in the way that the Clinton people summarized their policy. Get a U.N. Security Council resolution when you can, but when you can't, find another way to legitimize it using regional organizations, by the way, whether it's NATO, whether it's the Arab League.

And so I would say, I'm not so sure Obama is any more theoretically committed to U.N. Security Council than past presidents have been, but I'll leave it there.

Mike, did you want to make one -- I want to get to some more questions.

MR. O'HANLON: Said it better than I --

MR. KAGAN: Okay. No, I doubt that.

Gary?

MR. MITCHELL: Thanks. I'm Garrett Mitchell, and I write *the Mitchell Report*, and I want to build on the two questions that Bob asked, one at the outset, and the last one about grades.

He asked at the outset, you know, what's the purpose or the end goal of pragmatism, which I think is an actually pretty interesting question.

So you have described Obama as a pragmatic progressive, or the other way around. Put him in context with people with whom we have a little bit more historical perspective. And if you want to think about this while you're fielding other questions, that's great.

If he's a pragmatic progressive, what is Eisenhower's brand? What is Nixon's, and what is Ronald Reagan?

MR. KAGAN: Do you want to mull, or do you want to answer?

MR. O'HANLON: I'll take a brief crack, although I'm going to take the liberty of answering it about 10 degrees incidence from your question, because, Gary, what I was driving at early when I said, I think Obama's done much better than Clinton in terms of the first three years of each presidency, I think Obama's done better than most post-World War II presidents on balance for the first three years, and one of the reasons is adaptiveness.

And so I think the -- again, Martin prefers the term "progressive pragmatist," and I prefer the term "reluctant realist," but they're sort of two sides of the same coin.

I think that the way in which he has recognized that his big visions -- which I think he believed even more than most candidates, and certainly articulated with

more forcefulness and believability than most candidates in the modern era. I think he realized fairly quickly he wasn't going to be able to make a lot of progress on all of them.

And a chapter that my colleagues wrote, but that I'm a big fan of, is the chapter on the rogue states. We've talked about Iran. We've talked only a little about North Korea today, when Ken mentioned it, but basically, Obama figured out pretty quickly, in the first six months of his presidency, that his effort to reach out a hand to those who would unclench their own fist wasn't being taken up.

And when North Korea detonated a nuclear weapon, and Iran stole a presidential election, he quickly pivoted, he used the U.N. Security Council, he used the fact that the world saw him as having made a genuine effort to reach out, and he became a very effective reluctant realist.

And so I'll come back to that phraseology, but I think he's a fast learner as well as the other things that we've said.

MR. KAGAN: I'm going to go out on a limb here, and say that I'm sure Obama would rather be known as a progressive pragmatist than a reluctant realist. It's just my guess here.

Yes, ma'am, right there.

MS. FALK: Judith Falk. With the recent visit of Netanyahu, how would you assess Obama's policies toward Israel, and the Israeli concern about Iran's nuclear capabilities?

MR. INDYK: I guess I've got to answer that.

MR. KAGAN: Go ahead, Martin.

MR. INDYK: I think I've already answered the Iran issue in terms of the way that the President sees it. He doesn't see it as only about Israel's security. He sees it very much as a world order issue, and the critical importance of disarmament and nonproliferation in his own mind for the order that he's trying to shape.

But when it comes to Israel, you know, the President had a theory of the case. And I think we haven't remarked on this in the kind of internal workings of foreign policy within the Obama administration, but this is a president who drives foreign policy. He's more, I think, directly involved in determining foreign policy of the country than any president since Richard Nixon. I think that's as far back as you have to go for that kind of hands-on engagement.

And when it came to Israel, he had a theory of the case, which proved to be wrong. His theory of the case was the United States needs to rebuild its relationships and reputation in the Muslim world because we're engaged in two wars in the greater Middle East, in the Muslim world, and that's important for American interests. And therefore, he would distance himself from Israel in order to curry favor with the Arabs.

And he's expressed this as something that would end up being good for Israel, because it could bring the Arabs around to being more prepared to engage with Israel.

It was the wrong theory of the case. And by the way, I should add, he thought that he could take care of Israel's concerns by meeting Israel's security requirements 100 percent. And he always did that.

You know, he thought that what they cared about was security. What he didn't understand was what they really cared about was affection. They wanted to be loved. They'd had 16 years of unalloyed affection from Bill Clinton and George W. Bush, and now this president is turning away from them, and going after the other woman, and they didn't like it.

And they didn't like it -- not just the right wing. The left wing didn't like it in Israel. In fact, Obama's standing in Israeli after his Cairo speech plummeted down to single digits, and it only started to recover -- it's actually now up at around 50, 55 percent -- when he gave that speech in the United Nations last year, which was kind of

diametrically opposed to the Cairo speech. He embraced the Israeli narrative of Israel's history, whereas in the Cairo speech, he embraced the Palestinian narrative.

And so essentially, what happened was, having lost the Israeli public quite early on, Netanyahu, who eats polls for breakfast, figured out that he could actually gain more by standing up to this president than by agreeing to what he wanted.

And indeed, that famous moment when he upbraided the President in the White House -- he went up 10 points in Israeli public opinion, which is unheard of in the relationship of Israelis to American presidents, because they know, bottom line is, they depend on the American president for their security at the end of the day.

So essentially, what happened was, he lost the Israeli public. He therefore lost his ability to exercise effective leverage on Netanyahu. And when he thereby failed to deliver on the Israeli side, he lost the Arab public as well, because they don't want the U.S. President to distance himself from Israel. They want the U.S. President to deliver Israel.

And when he didn't do either -- I mean, they turned their backs on him too. So he ended up with the worst of both worlds -- neither. You know, his support in the Arab world today -- notwithstanding everything he did on Mubarak and so on -- is also down in the double digits.

MR. KAGAN: More questions?

Yes, sir. Right here in the middle.

Yep.

MALE VOICE: Martin, following up on that question, how is it that the President got himself in a position of promising that we would have a framework agreement within 12 months, knowing that there was a key obstacle -- namely, the settlement freeze -- and doing nothing about it, having no backup plan in the event the Israelis refused, as they did, to extend the settlement freeze? How did that come about?

MR. INDYK: Well, it's a long story. We try to detail it in the book, but, you know, essentially, I have a different view about the settlements freeze than the kind of conventional wisdom now.

I don't think it was a mistake to go for a settlements freeze. It was important in the context of the time, where settlements had been particularly deleterious to the effort to try to achieve a breakthrough, where Palestinian authority had been doing an incredible job on their commitments on the roadmap to fight terrorism. And Israel had an obligation under the roadmap to freeze all settlement activity.

The problem was, in making that the -- turning it, in a sense, into a precondition, and then the President giving his special Middle East envoy, George Mitchell, the ability -- the instructions to go and negotiate something less than a full settlements freeze with Netanyahu, which took 10 months, and in the end, they came up with what was an important moratorium on all settlement activity in the West Bank. That was quite an achievement.

But failing to adjust from the rhetoric of a full settlements freeze to the actual settlements moratorium that they ended up achieving created a situation in which, when they came out with this, the Arabs all said, well, what's that? That's not what you promised us.

The Palestinians said: we can't enter negotiations. You promised us a full settlements freeze.

And so there again, you have this highlight between the expectations generated by the rhetoric of the President and this pragmatism involving working out a deal that deals to a gap between what he promised and what he delivered.

And that, I think, was the heart of the problem in terms of the way it impacted very negatively on the chances of getting a negotiation going.

MR. KAGAN: Okay, I'm looking for a non-Middle East peace process

question.

MR. INDYK: Yeah, please.

MR. KAGAN: So only if you have your hand up for a non-Middle East peace process question.

Yes, sir. The gentleman right there in the third row -- yep, yep, yep.

MR. TANDON: Thanks. I'm Shaun Tandon. I'm a reporter with the AFP News Agency.

This is something that actually, Dr. Kagan, you've addressed probably more than the others, but something's come up here -- the idea of American decline.

Is this something that you've seen evolving in Obama's first term, the -- trying to address the perceptions that some have -- China, for example -- that the United States is in decline? Do you see this as something that's evolved, and how could that change in a potential second term?

MR. O'HANLON: I think the pivot point here was when he read Bob Kagan's article.

Seriously, I think he has focused more on highlighting that America will play a leadership role globally for the long-term future, as his administration has gone along, as he's kind of gotten his footing potentially -- I don't know this from personal contact, but potentially became more appreciative of the reality that if you don't convey optimism and dynamism about the future, it actually weakens you in the present. The shadow of the future is large.

And certainly at this point, he points -- I think, by the way, absolutely rightly -- to the reality that in most dimensions in power and of the things you would look at to project future power, America remains utterly extraordinary.

What is screwed up are two things.

One is our national politics, our ability to make tough decisions.

And B, the reality that within the coming decade, we have crushing fiscal problems if we don't take steps now to change the trajectory.

And so those are the two Achilles's heels. And if we can't -- and the second, obviously, is dependent on the first -- and if we can't change the trajectory on the national politics, and therefore, the, if you will, national compact on how we're going to address our fiscal problems, frankly, our enormous advantages are going to erode over time more rapidly than any of us would like to see.

So I think he is stressing the positive, but he recognizes, I think, full well that in the wake of this election, he has got to be able to develop a capacity to take very tough decisions on everything from entitlements to security to tax reform, et cetera, and put together a package that is realistic about the future, or we're going to be in serious trouble.

MR. INDYK: Aren't you going to do your thing on America's strength?

MR. LIEBERTHAL: No, I think that's a great answer. I think there are a lot of strengths. We talk about them in the book, but there's no getting away from the urgency of this task.

MR. KAGAN: Yes, sir. Over here.

This is going to have to be the last question, so --

MR. MATLACK: Jim Matlack of the American Friends Service Committee.

Do Cuba, Chavez in Venezuela, Mexico verging toward a failed state, or any other issue south of our border matter at all in relation to the things you've been discussing?

MR. LIEBERTHAL: Can I start on that? Yeah, we address a couple of things. I'm glad you raised this, because we haven't talked at all about Africa or Latin America, and we do relatively little on the book on those matters, probably because

Obama's done relatively little as president in those areas.

On Chavez and Castro, I give him an A+ for figuring out the right policy was to ignore these guys. And he made one effort, vis-à-vis Chavez, as we'll all recall from early in his presidency, and basically otherwise has allowed these policies to be tertiary priorities at best, which is exactly where they belong.

There are a few things, perhaps, he could have done to be a little bit more proactive vis-à-vis our friends in Latin America. But I think ignoring Chavez and Castro is the right thing to do on balance, and was basically his policy.

Towards Mexico, by contrast, I think that -- both towards Mexico and Colombia, in fact, where we've had big violence, drug problems in recent years, Obama's role has not been nearly as distinctive as either of his two predecessors so far.

And I don't have the right policy in mind for what he should do in either place. Colombia's at a point where it doesn't need as much American help as it once did, so it's really just by way of noting that Obama didn't need to do as much as Clinton or Bush with plan Colombia.

On Mexico, obviously he needs to figure out a way to do more, but we haven't yet come up with that proposal, and it's an interconnected policy. It's tied into things like immigration reform, where he's had very difficult going. It's tied into issues like trade agreements, where he's had a tough go.

So I think I will simply say that on this issue, he's been, so far, distinctive for what he hasn't done. And, you know, there are a lot of policies in the world where a three year president can't have made a big mark, but this is getting to be a bit overdue, where he's going to have to do more, or his successor will have to do more.

MR. KAGAN: Well, with that, let me just say that if you've, you know, gotten a flavor of the depth and breadth of wisdom here about this administration and about these policies in general, it's just a small taste of what is in this book, which I really

commend to you.

It's the only book of its kind out there right now that really does this kind of, I think, very sober and balanced assessment of the Obama administration.

I hope you'll join me in congratulating and thanking our panelists here.

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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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