

THE BROOKINGS INSTITUTION

CAMPAIGN 2012: AMERICA'S ROLE IN THE WORLD

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Welcome and Introduction:

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Moderator:

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Panelists:

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PROCEEDINGS

MR. WITTES: I think we're going to get started. My name is Benjamin Wittes and I'm a Senior Fellow in Governance Studies and the Director of the Campaign 2012 Project. It's a pleasure to welcome you to - - I've actually lost track, sixth or seventh or something like that of our series of events on the critical issues of the campaign and the critical issues more particularly of what the results of this campaign will have to manage.

For those of you who haven't been to the prior events and for those of you who have, I apologize for this being repetitious. But for those of you who haven't been to the previous events, I wanted to describe a little bit the way this project works. We have divided up the world of the campaign in 2012 into major issues, some of the foreign, some of the domestic and some of the hybrid. For each of those issues we have asked a Brookings scholar or sometimes a pair of Brookings scholars to write a paper situating the discussion of the issue in the context of the campaign talking about President Obama's record on the subject, talking about the critique of that record by the Republican opposition and trying to synthesize the merits of the record and the merits of the critique into something like a set of action items or advice for the incoming administration whether it's the second term of the Obama Administration

or, I think we're allowed to say it now, a Mitt Romney administration. We had to pretend that we didn't know for a long time.

With the subjects for today, we then asked two or sometimes two groups of other Brookings scholars to write a response paper. Sometimes these were simply arguments, people who disagree with the thesis of the main paper. More often they were efforts to add texture and richness to look at the issue from a slightly different point of view. Then for each of these groups, there are 12 groups of three papers, we are having an event like this at which the authors of the main paper and the author of the response paper get together with a moderator from POLITICO and discuss the three.

Our subject today is America's role in the world which particularly over the course of the Republican primaries has been a recurrent thematic matter of criticism of the Obama Administration. It's one subject that the Obama Administration has talked a lot about. It's also subject that has been criticized a lot. It's played I think at least surprising to me a large role, the visions of American power, a surprisingly large role in the campaign.

Before I introduce our panel and turn it over to them, I would like to announce that the compilation of all of these sets of 12 papers and responses is now available and as of this week has shown up. It's a

volume called "Campaign 1012." Some of these papers we've already had the events for. Some of them we have not already had the events for but we will be doing so over the next few remaining months of the campaign. The books are available at a table outside this hall when you leave and I hope you enjoy them.

To discuss today's subject, the main paper was written by Bruce Jones who is a Senior Fellow in Governance Studies [Editor's note: Foreign Policy] here and at NYU as well. Our response papers were written by Homi Kharas who is a Senior Fellow also in Global Economy and Development, and by Brookings' President Strobe Talbot. Here to moderate is Edward Doveve from POLITICO and I will turn it over to him.

MR. DOVERE: Thank you, Ben. Again my name is Edward-Isaac Doveve. I'm the Deputy White House Editor for POLITICO which means that I've been paying a lot of attention to what the administration has been doing over the last couple of months as year as well as how it's playing out on the campaign trail so far. I think as has been mentioned there has been a lot of talk about it in the primary campaign and a lot of talk about it in ways that aren't exactly the traditional ways for Democrats and Republicans to be talking about foreign policy when it comes to the general election so that I think there is a lot to discuss here.

I think to start, Bruce, if you could set the table for us and tell us where you see the main issues, the main situations on the global stage that are of concern and of relevance to the United States and how the different approaches that Mitt Romney and Barack Obama have been taken in discussing them might play out come 2013.

MR. JONES: Let me start a little further back than that and let me address that question. It seems to me that we are in a moment of some uncertainty and doubt in the American public mindset about our role in the world and about the nature of the world that we're confronting and there is an awful lot that's changing. The U.S. economy is exposed to and integrated with the global economy now at a scale that is substantially different that was true 20 years ago let's say. There are rising powers that have greater influence in world politics and greater influence on our national security than was true even 10 years ago. The Middle East is in turmoil and our allies and our stakes in that region are substantial. So there are a number of things that are I think creating uncertainty and doubt in the American public mindset.

This gets injected then in a very simplistic and frankly mischaracterized debate about American decline. We've had a lot of discussion, debate and books about American decline or not declining, et cetera. I think that's the wrong way of understanding the problem. I think

the rhetoric of decline runs far ahead of the reality of decline. The simple fact is there are new factors in the world, there are new actors or new economic relations and we have to adjust our policy to deal with those.

The second point I would make is that we've lived for now 65 years in an international system characterized by two fundamental realities. The international system was built by, protected by and promoted by American power. The second reality is that our power by our own choice was embedded in a series of institutions, alliances and arrangements for partnership for cooperation for multilateralism. I don't see anything in either campaign, anything in the policy of the president or anything that Romney has said, that is going to change either of those two fundamental realities. I think they are core tenets of the relationship between American power and international order and are very likely to remain true over a long period of time.

But the reality is that we confront new challenges. China is flexing its naval muscle in the South China Sea. India is asserting itself on the international stage. South Korea, Turkey, Mexico and Brazil, a whole host of countries, are seeking new voice in international institutions. We're economically dependent on those countries now in a way that we weren't before. And those are the realities that will confront either candidate. No

matter their policy orientation, those are the realities and either president will have to adapt to them.

The final point I'd make just to set the stage is we will hear a lot of rhetoric about this. Romney will accuse Obama for apologizing for America and not believing in American exceptionalism. Obama will say that he is now tested as the national security commander, et cetera. So the rhetoric will be there in the campaign and I think each side will try to frame the other as not having a good grasp or not having the tools to manage America's role in the world.

We don't know what Romney actually thinks about foreign policy. He hasn't written much about it. He has advisers from every part of the spectrum. But when I read the couple of speeches that he has actually given on foreign policy and you strip away the rhetoric and you look at what he says he would do, I find it indistinguishable from the essential policy lines of the Obama Administration.

MR. DOVERE: Strobe, I want to ask you to pick on what is in your paper which is the discussion of how the discussion of these issues on the campaign trail affects a lot of the deeper things that are going on, the negotiations and conversations with foreign nations and how affects those relationships.

MR. TALBOTT: Thank you, Isaac. I'll pick up I think from what Bruce has said. My co-author John Michael Arnold and I are in the category of respondents that Ben mentioned at the outset which is we couldn't find much to dispute in Bruce and his colleagues' piece, but we did want to focus in on a couple of issues, notably including the one that Bruce just mentioned.

I think what Bruce has just said is essentially good news because if you extrapolate forward from the substantive overlap between what is emerging as a Romney platform on foreign policy and the actual foreign policy of the Obama Administration, there is not a great deal of difference. That's a good thing because first of all I think there have been a lot of positive features to President Obama's foreign policy which by the way demonstrates some degree of continuity with the second term of the George W. Bush administration, for example, reliance on the G-20. The G-20 was an invention or at least a convening of George W. Bush, so I don't think that either we the American people nor our friends abroad need to worry over much that there will be a radical breach.

To go to the not such good news, John Michael and I focus in on what we regard as a perverse and even tragic irony about American democracy. I think it's fair to say that that function of American democracy that is most important and consequential is a presidential election which of

course coincides with an election of a third of the Senate and all members of the House. That is a very big day every 4 years in our lives, and it's consequential for us and it's consequential for the world. Very often the outcome, I'd say much more often than not, is sensible and one that we can be proud of on an all community and nonpartisan basis. But the process by which we get to that, the nature of the national discourse or conversation, is pretty dreadful and it has been about as bad this time around as we've seen it in a long time. It tends to I wouldn't say degenerate but start as much more of a shouting match and blame storming. We are already getting a sense of the charges that are going to be made in each direction, that guy is a fat cat who straps his Labrador retriever on his station when he goes on vacation and isn't sensitive to the needs of the American people. That guy's middle name is Hussein and that is not the kind of conversation that we need. That I think is an extension of the extraordinary polarization that afflicts our domestic politics and policymaking particularly at the federal level. And it has at least two very deleterious effects on our standing in the eyes of the world and that's the topic we've been asked to address which is American leadership.

One is that it's unseemly and that takes me back to the irony that I'm talking about, that the most consequential function of American democracy which is to elect our national leaders is as a process, not

necessarily in the outcome, one of the most unedifying. And here are the United States of America, the inventor of modern democracy, and I suspect that many of you around the room and I know quite a few of you travel a great deal and you must hear the same things that the four of us do when we travel, which is, What is going on in your country and when are you going to get this thing over with and get back to leading the world?

The second consequence is that it has an extremely negative effect on the ability of the United States government and the president himself to actually conduct foreign policy because a lot of foreign policy requires of course the cooperation of the Legislative Branch, that it is not just difficult, it's impossible to imagine getting any major treaty through. Maybe there is some chance of the Law of the Sea Treaty getting through and Bruce would have a better sense of that than I. I know there are some optimistic signs. But if you look at what this means for the two most important threats facing the planet today which is nuclear proliferation and climate change, we're dead in the water, and we're dead in the water largely because of the paralysis of the system in this town which is greatly exacerbated by the campaign. One of all of our favorite characters from American literature, Pogo, is often quoted these days, we have met the enemy or we have met the problem and it's us, and I think that that is a sad but central theme in what we're talking about.

MR. DOVERE: Homi, I want to take it to you and your paper which takes some issue with the ideas that have been put forward and lays out the idea that there are huge disagreements and different pathways in front of us given the choices between Barack Obama and Mitt Romney. If you could talk a little bit about that and where specifically you see that reverberating in which situations around the world.

MR. KHARAS: I think if things were going reasonably well in the world, it wouldn't make that much difference because in some sense of the focus of the elections is going to be on domestic issues and that's probably right. But things aren't going that well in the world, and in particular, things are going that well in the global economy. I am not sure that I would ascribe to Bruce's view that the fundamental institutions that take care of the world economy are still doing their job and regardless of who comes in they will still be able to do their job. I am not sure that that is still the case. The reform of the international financial institutions has been going very slowly. One of the big destabilizing factors in the global economy has been the mammoth accumulation of foreign exchange reserves by countries in Asia for example. Why? What some people would say is they're doing that because they have very little confidence that the International Monetary Fund would come to their support in a way that they would find either useful or reliable. A lot of that comes from the

lessons that at least some economies have drawn from the intervention by the Fund at the time of the 1997-1998 financial crisis in East Asia. So there is the sense that the IMF and the World Bank will need to reform and they need to have greater weight given to emerging economies as part of that process. Actually, that reform is going so slowly that it may be threatened. The path that the G-20 agreed on is almost certainly not going to be met so that one gets very much a sense of institutional drift at the level of the global economy and even the G-20 that Strobe referred to. The G-20 did some really terrific achievement when it came together with a coordinated fiscal stimulus. Right now the G-20 is floundering a little bit. The crisis has moved from being a global crisis to being an individual country crisis. Individual countries are each taking their won routes to thinking about how they want to deal with this. The degree of macroeconomic coordination across countries is very limited. The U.S. role in this, the traditional U.S. leadership role, has been very limited and it is posing a problem.

The question becomes which administration is more likely to pursue a multilateralist approach toward global economic governance, an approach that really emphasizes and starts to think about the collection action requirements of dealing with big global problems whether it's policy coordination at the macro level, whether it's food security or whether it's

climate change quite frankly. Will there be differences? I would argue there probably will be in a lot of the rhetoric of the elections, the idea of global governance is just not something that sits well with one of the political parties. One could say they have a very clear vision that one doesn't need and one shouldn't want global governance, so I'm not necessarily commenting on which is right in their vision. But certainly it seems to me that they have very different approaches as to the desirability for global governance and the kind of leadership that they would give to global collective action. At the end of the day it comes down to a question about do we believe that the world's problems can be usefully solved through collective action? Or do we think that the world's problems will more or less be solved by each country individually solving their own problems and as they do so the world as a whole will recover?

Regardless of which of these you believe, I think that it's more likely to be the case that there will be a substantial difference in approach between those two extremes or caricatures that I've laid out rather than saying it's all going to be pretty much indistinguishable regardless of who comes in.

MR. DOVERE: Homi, maybe to start with you on this question, when you look at what Mitt Romney and Barack Obama have been saying so far, and Bruce talked about how we can start to discern some of what Mitt Romney's foreign policy is even though he hasn't

spoken about it a huge amount so far, are there statements that they're making that are particular head scratchers for you that you aren't sure make sense in their understanding of the global situation?

MR. KHARAS: I don't know about specific statements, but in some areas what I would say is that new alliances really need to be created. One of the interesting things that is happening just on the economic front is last year was the first year certainly since the war that the G-7 economies as a group accounted for less than half of global economic output at market exchange rates, not at some purchasing power parity estimates of economists, but at market exchange rates, for the first time, less than 50 percent. This year will probably be the first year since the war that Asia becomes a larger economic bloc than Europe. The thing that has held the global economy together which was, frankly, the G-7 and the Transatlantic Alliance is now giving way to some different alliances. How will those alliances be knit together? And will they be knit together on the basis of economic agreements or on security agreements? My guess is that that's going to be quite different. Broadly speaking, when you think about the positions that have been taken on countries like Taiwan and the relationship with China, it's likely to be quite different.

MR. DOVERE: Strobe, are there things on that that you've been hearing Mitt Romney and Barack Obama saying that you're not sure

make sense or are they making sense on those issues? What stands out to you specifically when they're talking about some of these issues on the trail?

MR. TALBOTT: They're clearly both for entirely understandable and traditional reasons looking for ways to draw a contrast between themselves and each makes sure that he is on the more politically successful end of the comparison. I guess I see this a little bit differently than Homi. I have no better crystal ball than he or anybody else has about exactly what the composition and thrust of a Romney foreign policy would be, but I would go back to my agreement with Bruce on this that I don't think it will be all that different and let me give you a couple of reasons for that. Among other things, I don't think that a responsibly led Republican administration will have a huge choice of going back to call it whatever you want, isolationism, or for that matter I think the phrase in your paper is machoism. If those are the two poles, they're Scylla and Charybdis and we're going to sail right between the two of them which means following the essential contours of what has been the Obama policy which I said earlier has something in common with late George W. Bush.

Also remember that President Romney's challenge, and everybody, notably including Isaac and his colleagues at POLITICO have

been writing about this, he had to go very far to the right in order to get the nomination and now he has to move to the center and he's clearly doing that. With an exception that I'll come to in a moment, there are signals out there that it would be a foreign policy that would have a lot of continuity with the present one, one being the overall disposition of President Romney. Remember that Governor Romney presided over the passage into state law in Massachusetts a missions policy with regard to climate change that was a good deal more enlightened than that of the United States of America, matched only perhaps by the missions policy of Governor Schwarzenegger in California, so savor that. Who knows who his secretary of state might be, but there are a lot of names floating out there, Bob Zoellick until recently the President of the World Bank was one and he believes in dealing with China and other countries that what we should ask of countries is to be responsible stakeholders in a rules-based international economy. That's pretty close to the theme of Bruce's paper.

Here is the one exception which I think is both curious in terms of its motivation and effect and will probably fade, and that is a lot of cheap bashing of other countries. John Michael and I make a point in our paper that every country on the planet with two exceptions has to hope and pray it's never mentioned during American presidential campaigns, because if it's mentioned it's going to be bad. The two exceptions are

Israel and Great Britain. Of course, China has come up a lot and Russia has come up a lot. Governor Romney has for some reason decided to declare Russia I think as the number one strategic threat to the United States. That sounds very yesteryear I must say. We'll have other panels in this room about Russia, but I don't think anybody is going to buy into that proposition. And as for China, we all know that China is an easy target in some ways, but we've already mentioned the people who are the wise heads of the Republican Party and I can assure you all you have to do is read Henry Kissinger's book on China and candidate Romney is going to get a lot of advice between now when he gets anywhere near the convention not to mention the White House to go easy on China bashing. One reason I'm puzzled by it is that's not what's going to win an election. It's the economy.

MR. DOVERE: Bruce, did you want to pick up on this?

MR. JONES: There are a lot of things that Homi said that I agree with about the nature of the challenge that we face. I started off with the point that our economy is much more dependent on the global economy than had been true in the past and that the kind of collective action challenge that Homi talked about is real. I think where I differ as I look back at successive administrations and I think there's a pretty clear pattern that Republicans run as if American power unfettered from

multilateral institutions is the way they're going to run the world. They enter office, they tried that out, it fails and they end up working within the mainstream of multilateral institutions. Democrats against that experience say they're going to work within the mainstream of multilateralism, try, and it fails and they proceed with unilateralism. What's the biggest foreign policy success that Obama has? The unilateral military killing of a terrorist probably in violation of international law not that anybody cares.

When the Bush administration came into office, there were 20,000 U.N. Peacekeepers in the world, when he left office there were 100,000 U.N. peacekeepers in the world. The Security Council's agreement on proliferation and all sorts of things had hugely expanded under the Bush administration. I think this issue of the tension between the unilateral use of power on the one hand and multilateral engagement is a constant in American foreign policy and shifts within administrations as it did within this.

The second point that I think is worth picking up though is Homi used a very good phrase is knit together new alliances. I think one of the things that's been interesting in watching Obama is if you go back to 2008, it was absolutely evident that he was going to be the much better president compared to McCain to knit together the new alliances with Indonesia, with Turkey, with Brazil, with India, with China, et cetera, and

that's just proven harder than we all thought it was going to be. These are independent powers. They have their own interests. They are not going to simply follow American dictate. There are places where their interests align with ours, and it's just proven harder I think than the Obama Administration anticipated to knit together those alliances. You've seen a shift back toward Europe, a shift back toward the G-8, a shift back toward hard power in the Obama foreign policy of late. But that challenge will be there and I think it is a real question to ask which administration is likely to have the better team, the better tools, the better orientation to continue that work of knitting together those new alliances in both the economic and security worlds because that is I think the defining challenge for American foreign policy in the coming period.

MR. DOVERE: I think that you bring up a point that one of the frustrating things perhaps of covering politics is that often what people say on the campaign trail is not what happens and what they do when they get into office. I'm wondering do you think whoever wants to jump in on this, what can we say for sure that President Romney would do or a second term President Obama would do in the 4 years starting on January 20, 2013 when it comes to foreign policy based on what they've said? Or are there other tea leaves that we should be reading essentially ignoring a lot of the rhetoric that they're using out on the trail?

MR. JONES: I'll give you one example. I was talking to one of Mitt Romney's big donors about Iran and the extent to which this is one of the issues where Romney has tried to portray Obama as too soft, too willing to pursue a route of sanctions and diplomacy versus force, et cetera. I asked this chap, I won't name him, what would be Romney's first step on Iran if he was elected? He said he'll go to Israel and he will say that guy was your worst enemy. I'm your best friend and as your best friend I'm going to ask you for a couple more years for the diplomatic and the sanctions track before we look at the military option so that I do think that there is going to be a lot more continuity on some of those things than the rhetoric of the campaign suggests.

MR. TALBOTT: One difference I think for sure would be the Comprehensive Test Ban Treaty. My guess which is probably influenced by wishful thinking is that a second-term Obama would go hell bent for leather to get the ratification of the Comprehensive Test Ban Treaty. The refusal of the Senate to ratify it in 1999 was a very dark day for the Senate, the country, the world and the global nonproliferation regime. I think that's much less likely in a Romney administration. Climate, I don't know for the reasons that I indicated earlier. I think Governor Romney will need to revert to his precampaign mode in both his attitudes and what he's

willing to do, but the arguments in favor of him picking up on the climate issue are pretty strong.

MR. DOVERE: Do you think that there is a difference of opinion that will matter when it comes to that issue? Your paper lays out that there is not really a lot of these substantive differences.

MR. JONES: It's interesting. I think it's possible and by no means certain that a Romney presidency would treat international institutions and alliances a little bit like the Bush administration did in its first term as red meat to throw to the right wing of the party and the U.N. It's not what Romney says, that if you read his speeches and if you read his talks, that's not what he says. He says we'll work within multilateral institutions, we'll exercise leadership within them and we'll try to orient them toward the promotion of liberty, democracy and human rights which is exactly what Obama says. But it is possible that depending on the contours, and Strobe made the point that he will have to pivot to the middle now for the campaign, but he also has to protect his flank and he's got to protect his base and there are times when Republicans throw the U.N. to the flank as kind of red meat. So that is a possibility and George Bush Junior did that in the first term, though as I tried to illustrate, I quickly discovered that it doesn't work and move back toward becoming one of the more multilateralist presidents in contemporary history. So I do think

there are things like that where it could be that for political reasons Romney doesn't pursue a multilateralist agenda in the first instance. On the economic issues, I'm closer to Strobe's position in that I don't think you have any choice. I don't think that the realities are such that there is no unilateral option now in any real sense of that term.

MR. DOVERE: Homi, I'm guessing you'll want to respond to some of this, but also the question of what sort of a predictor the campaign rhetoric will be to what they do once in office.

MR. KHARAS: I think the difficulty is that the old pattern of we'll try out something and then if it doesn't work we can do something else, to some extent that worked at least in economic terms when the U.S. was so dominant that it could afford to do that. My worry is that right now a lot of the international financial institutions are in such a vulnerable condition that if for 2 years they continue without a strong reform, other institutions will start to crop up that will be developed, run and managed by people who exclude the United States and that you'll start to get a fragmentation of that global economic management and once that's set in train it will become very difficult to then go back and say now we've actually learned, we're going to come back and strengthen these. I suspect that we might be at a point where the space for the kind of experimentation that Bruce was talking about just may not be there any

longer, and without being overly dramatic about it, one could possibly kill off or severely damage some of the existing institutions if they're not given the kind of tender loving care that they need at this particular moment and the only person who can give them that tender loving care is the President of the United States.

MR. STROBE: Isaac, would I ask Homi on the institution you know very well, the World Bank? We've just had an American, Jim Kim, currently the president of Dartmouth, designated and nominated by the United States to be the president. There is talk about this perhaps being the last American president of the World Bank, and there is also talk about what we will no longer call the major developing countries, but the emerging powers, India, China, Brazil and so forth and so on creating a related but in some ways separate facility. Could you say a word about that and what that augurs?

MR. KHARAS: A couple of things. One, Jim Kim is going to find that he takes over the World Bank and he's suddenly going to see that he has to contract lending by about one-half because essentially all of the ammunition has been already shot off by his predecessor in dealing with this current crisis, he's got no budget increase to speak of, so it's going to be a really tough situation and position for him to manage. But at the same time, the kinds of challenges that the World Bank was set up to deal

with are if anything getting bigger. The infrastructure needs of developing countries especially because of climate change and the need to climate proof, have more adaptation mostly on infrastructure because those are the long-lived assets, right now developing countries are spending something like \$800 to \$900 billion a year on this and people are talking about a number which is at least double that as being part of their needs. What agency is going to be able to actually do that in a sustainable fashion, generate those kinds of financial channels, and if it's not going to be the World Bank, then for sure there are going to be other institutions developing. Whether that will take the form of the so-called BRICS bank or not, I have to say I have my doubts there because the BRICS is a really nice acronym but as a political grouping in terms of a knitting together of alliances, I think the challenges they face dwarf anything that the U.S. faces in bringing together new challenges and I think Bruce is exactly right, it's not easy to have a convergence of interests and I don't think on this particular issue to be quite honest that they do have that kind of convergence of issues. That doesn't mean that the things that they're talking about aren't of enormous importance and relevance, and what they're talking about is saying we need a global institution that has a new mandate, in fact a mandate to do something about green growth and about climate proofing of investments. We need a global institution that

reflects the change in membership and partly that's the more significant weight of emerging economies, but it's also partly a function of the fact that we're entering into worlds where nonstate or quasistate actors are incredibly important on the economic front. Whether you're talking about sovereign wealth funds or pension funds or other forms of capital, they have to be brought into these kinds of institutions and these institutions will only operate if they leverage that kind of capital in a much more serious way.

Then finally there needs to be a modernization of the modalities. The idea that you're going to just literally take money from, crudely, Belgian dentists who save to Indian infrastructure investors, that's no longer going to be the channel for all the problems that it has brought us, financial innovation in the world, the way in which risks are parceled out, has generated a whole range of new modalities. So finance has to be modernized to these new kinds of risk factors and a new global institution probably would need to be much more agile in its deployment of those kinds of risk-bearing instruments.

SPEAKER: It might be headquartered in Istanbul.

MR. KHARAS: It could be headquartered in Istanbul or in South Africa.

MR. DOVERE: It's pretty clear that Bruce would like to respond to this one. I'm going to let you do that, but I'd like you to talk as you do how you see a President Romney or President Obama fitting into that over the course of the next 4 years.

MR. JONES: Partly what I wanted to pick up on is exactly this. There are two things that Homi said that I very strongly agree with. First, when you look at things like the BRICS, I think it's pretty clear that for each member of the BRICS, their relationship to the United States is more important than their relationship with each of the others.

MR. DOVERE: If people aren't familiar could you tell us exactly what you're talking about?

MR. JONES: This is Brazil, Russia, India, China and sometimes South Africa as a kind of political grouping of emerging powers. It's a very odd grouping because it doesn't include Turkey or South Korea and lots of other emerging countries.

MR. TALBOTT: It's an odd grouping because it includes Russia.

MR. JONES: And they all disagree with each other on virtually every issue so that it's an odd grouping for those reasons too. The point is that the new actors on the international stage only agree on one issue which is that they would like more power in international

systems. They don't agree on any other issues strategically or substantively. They can agree to poke at us if we don't give them more power, but that's about all they can do. But it does mean there is a huge opportunity for the United States in exactly the terms that Homi portrayed of knitting together new alliances and recasting the core institutions that manage the global systems that we rely on and which we still exercise enormous power but in which these actors will demand and probably deserve in some senses more voice.

I have to say that it seems to me that Obama as an administration has done less on this than I would have anticipated in 2008. Again I point to the difficulties here. It's not because -- thinking was important. It's because it's bloody hard because the collective action challenges are real, these states are all playing chicken in the sense that they know they have to participate in these global systems and give up something to do it, but they want to wait to see what terms they get in a game of chicken here and that's very risky. The second point of Homi's that I very much agree with is the 2-year point up front, that we shouldn't be waiting now and we don't have 2 years to play with in terms of do we take an approach of trying to tighten up these alliances and trying to tighten up these institutions. I would actually put a little less weight on the formal institutions and more on the alliances with these new actors, but

even there I think the administration has sort of vacillated between we're going to go all in on the G-20, no, we still like the G-8, and neither of those bodies are particularly well crafted right now so that there is still quite a lot of work to be done in forging the architecture of the kind of international arrangements, institutions and alliances that can manage the global moment that we find ourselves in.

MR. DOVERE: Do you see a difference in what Mitt Romney would do on those issues?

MR. JONES: I've emphasized the point that you can't judge entirely from campaign rhetoric, but it does worry me that the phrase Asia doesn't seem to come up in his vocabulary except when it's bashing China. He'll talk about American allies and he appears not to notice that neither Japan, South Korea nor Australia are also American allies. There is a kind of cast back to a kind of transatlantic, U.S. and Europe sort of picture of the world that is I think outdated, and it's clearly the case that Obama's life story and picture of the world is much better suited to a kind of century in which or a period in which Asia is very important and the cast of characters is changing. But as I said, Obama himself has found it very hard to navigate that space. It's not as if it's an easy issue.

MR. DOVERE: I have a few more questions, but I want to open it up to the audience. What's going to happen is there is a

microphone somewhere in the back. If you could identify yourselves and speak clearly into the microphone, we've got lots of recording going on so please be aware of that. I think we have a question up here in the front. The one thing that I'd ask of all the questioners is we want to keep this focused on the presidential election, and though these three gentlemen can obviously talk about many, many things when it comes to the foreign stage, it's keep them focused on Mitt Romney and Barack Obama.

MR. MITCHELL: I'm Garrett Mitchell and I write "The Mitchell Report." I want to pose the question in the form of an hypothesis so that it has a question mark at the end. It seems to me directly from right down the line if you think about Bruce's excellent paper some time ago about the U.S. as the majority shareholder in a liberal democratic quarter, Strobe's I think highly important point about the extent to which the electoral process itself getting us to the first Tuesday is not only unseemly, but makes governing more difficult than ever and to Romney's point about the need to form new alliances. Then you jump to the question of given all of that, which president, a Romney or an Obama, A, can we predict what they would do, and, B, which one would have the greatest likelihood of doing the things that need to be done? The hypothesis that I want to offer is this, a very little difference, a very little difference, because Presidents have far less room to maneuver. Where

the difference will be made is in the congressional elections and particularly in the Senate and particularly given the effect of Rule 22 in the Senate and the unfortunate growing role of minority interference in the governing process which depending upon how it comes out on the first Tuesday will make it as difficult for a President Romney as it would for a President Barack Obama given the cast of characters that seems to be taken the place in the most recently example of Dick Lugar being replaced by somebody who has a different definition of how to work. That's the hypothesis which I think comes to the question that's central to this panel so I'll leave it at that.

MR. DOVERE: Who would like to go first on the hypothesis?

MR. TALBOTT: I'm not sure I buy it, Gary, but I am also absolutely sure that I'm not going to say which of the two -- I think it really matters who the President of the United States is and it will matter in January of next year who the President of the United States is. Of course the composition of the Congress will be immensely important. The big question mark about Barack Obama is will he in his second term be able to succeed to a degree that he has not been able to succeed in this first term to do a lot of things that he wanted to do in his first term? If you go back to his speeches on the campaign trail in 2008, Grant Park, in his inauguration he kept talking about a planet in peril and how that had to be

a priority. It was not a priority at the beginning of his administration. Health care was as priority at the beginning of his administration. The climate issue faded and ultimately failed to get anywhere. Obviously that was a joint mistake on the part of the handling both of the Executive Branch and the Legislative Branch so that the big question about him on that issue, and he had some success on reducing the nuclear peril particularly with the new START Treaty with the Russians, but no such success of course on the test ban. So the big question will not be what his intentions are, but his ability to deliver on those intentions.

With regard to Governor Romney, we have to see what his priorities are and hear how he lays them out and then take him seriously. But in either case if he lays out priorities that align with those of us as individual citizens, then he will be a very strong candidate for the presidency. But there is one other point and it goes back to the economy, and it goes back to the Pogo factor. What is extremely important for our ability to lead in the world both by example and also by having the resources necessary to back up our soft power with hard power and of course leadership of international institutions is whether we get our own economy back in shape. That means addressing restoring fiscal sanity to our national household and doing something about the deficit.

So a big question about each of these candidates as they go into the home stretch is going to be which one of you has a credible plan to do that? And the four letter word T-A-X is going to have to come up at some point in that. And then the judgment will have to be made, A, will they have the political will to drive those issues forward, and will they be able to get enough support from the Congress which takes you back to what I think is the valid part of our hypothesis?

MR. DOVERE: Homi, do you want to respond to what Strobe said or to the hypothesis?

MR. KHARAS: I don't have anything to add.

MR. DOVERE: I have a question right up here in the third row.

MS. MOIX: Thank you. I'm Bridgett Moix with the Friends Committee on National Legislation. I'm struck by the conversation not including the word Afghanistan or much talk until just now the mention of hard power. I know, Bruce, you addressed a little bit the balance or imbalance between hard power and military power and civilian power. But it seems to me that one of the areas of not enough light and not enough alternative approaches coming out of this campaign and the rhetoric on the campaign trail at least is this question of what Admiral Mike Mullen has called overmilitarization of U.S. foreign policy and lack of ability to really

invest in and muster the diplomatic solutions that we need and the discussion here has been about the real problems that require ultimately diplomatic solutions that the world is facing.

As part of that is it that on the campaign trail they speak to domestic politics, they're not speaking to the realities of implementing U.S. foreign policy? Or is there any hope that a next presidency whether it's Obama or Romney, can help shift that balance and get out of this overmilitarization cycle of U.S. foreign policy which relates to the congressional question that was raised as well given the budgeting challenges and where this Congress goes.

A final question about a related assumption, one of these core assumptions that there is no light between the two sides, is about this question of U.S. exceptionalism. I think until we can get out of what I think is an outdated idea for today's world of U.S. exceptionalism being the grounding for our U.S. foreign policy, we're going to be stuck in not having the right solutions to the world's problems. Is there any hope for getting to a different approach to how we see our place in the world?

MR. DOVERE: Let's talk the question about militarization and foreign policy. Bruce?

MR. JONES: This is actually one of the central arguments in my paper, that either president has to invest more in the diplomatic tool.

That doesn't necessarily translate directly into increasing funding for the State Department, but investing heavily in the diplomatic tool and the capabilities we need to do exactly what Homi talked about, knitting together alliances and new arrangements. I think that this has become a partisan issue in the sense that you see Republican congressional action to reduce state funding or to block increases of state funding. In fairness, the previous administration in its second term also tried to increase funding to state and to bolster state. But I do think this becomes an important issue: Do we have the right tools of government to forge together new alliances to manage issues in a much more complex stage? I think we don't have a very honest conversation about this. It becomes should we increase or decrease the budget of the State Department conversation which is one piece of the puzzle. I don't think is state as currently composed, as currently staffed and as currently trained is the right tool for managing the world. We need serious reform of the State Department in terms of who we have there, what backgrounds they come from, what languages they speak and what training they get. But I do think the emphasis that you make in the need for an emphasis on diplomacy -- diplomacy isn't a soft issue. It's a question of managing alliances, of managing institutions, or organizing collective action including military action. Collective action using force isn't a military action. It's a

diplomatic one -- our use of force is military. I absolutely take your point. We don't know which of the two presidents would be more likely to do this, but I do think that the congressional point is real here.

I would say that there are a lot of people around Romney who understand this point, who understand the need for serious investment in diplomacy. There are also some people around him who clearly don't.

MR. DOVERE: If you want to take up that or the American exceptionalism?

MR. TALBOTT: I agree with you that the whole exceptionalism issue has gotten a little goofy. President Obama gets off of a helicopter and he's caught red-handed reading Farid Zakaria, he's a declinist, and then a couple of months go by and he says, no, I'm not. I'm reading Bob Kagan which we here at Brookings are all delighted to see. We like Farid too. He's been on this podium many times. By the way, these two terrific books are not diametrically opposed in their prescriptive implications. I noticed in the speech that President Obama gave at the Air Force Academy a couple of days ago, he went out of way to do two things. One was to say this is an exceptional country, so I guess he's covered himself on that. And the other was to say that in Libya, NATO is out there leading from the front thereby laying to rest forever the Ryan Lizza line

toward the end of a "New Yorker" piece that was unattributed as I recall or at least blind attributed about leading from behind.

The serious point here I think though is we're an exceptional country. We are an exceptional country. There is no country on earth that has the convening power, there is no country on earth that has the global military reach or the diplomatic capacity again on a global basis that we have, and with that comes responsibility, obligation and lots of opportunity. We're stuck with it.

MR. DOVERE: Do you want to jump in?

MR. KHARAS: One thing I want to add is that it was interesting to me that you talked about investing in diplomacy. I would argue for investing in development as well. There I think that there is actually much less difference. One of the great legacies of former President Bush was in fact his prioritization and focus on development and he did quite a lot to raise the amounts of resources going into U.S. development assistance, something that President Obama has also tried to do.

MR. TALBOTT: And Secretary Clinton big time.

MR. KHARAS: And Secretary Clinton enormously. So I think in terms of the resources and the ability to commit in countries like Afghanistan to a long-term process of support, I think both will probably be

able to both make that commitment and stand by it hopefully because that certainly will be a necessary element of moving forward in any of the fragile states that have become so important a part of U.S. diplomacy.

MR. DOVERE: Strobe, you talked about President Obama and his sense of exceptionalism. The exceptionalism discussion was a major part of the Republican primary campaign. Mitt Romney talked about it a lot and it's one of the main attacks that he makes on President Obama about this issue and whether Obama stands by it or whether he's apologized for America. What do you think, and this is open to anyone, given what was said in the Republican primary campaign and where you see Romney about this, how does that affect his foreign policy as we will go forward if he is the president in 2013?

MR. TALBOTT: Generally speaking, Isaac, I think it will probably net out to much more harmony between what they're really saying as opposed to the way in which they're saying it and the accusatory way in which they're saying it when you get to the end. It goes to what was Bruce's original point. We'll have to see.

I was interested when Senator Marco Rubio was here last month. He is one of quite a number of up-and-coming Republican political leaders who is talked about as a possible vice president. He gave a foreign policy speech from this lectern here. It was a very thoughtful

speech. I don't want to ruin his chances for getting on the ticket, but it wasn't wildly different from a speech that I can imagine coming out of the Department of State or even the White House, making a few amendments in a couple of lines in it. This is a good thing. I and others have expressed some dismay about the polarization of our politics and the breakdown in civil discourse, but I do think that there has been a shaking-out process that has gone on here. If you look at the field of Republican candidates, this is truly a nonpartisan comment I'm making it entirely about the Republicans, there were really two of those candidates who I think many Americans including independents and probably some Democrats who were disappointed or disillusioned in their party this year, I'm referring here to Ambassador/Governor Huntsman and to Romney, that those two were by far the most centrist and that's what the process delivered which is a good thing. And now let's see if the process can continue this business of reconciliation on the foreign policy issues because the really rough issues facing the next president are going to be domestic and economic.

MR. DOVERE: Bruce, do you want to say anything on this?

MR. JONES: No. I think that was well said.

MR. DOVERE: There's a question toward the back on the aisle.

MR. WERNER: I'm Robert Werner with the consulting firm Managing Uncertainty. Given the fact that Europe is undergoing three simultaneous crises, political crises and financial crises and that China could be not going into a meltdown but a very substantial slowdown, what do you think the responses might be and the differences might be between Obama in a second term and Romney with respect to this very deteriorating economic and financial situation?

MR. KHARAS: I think that there is a very serious debate that's now going on about the best route out of the current crisis and that debate is essentially on getting the balance right between fiscal consolidation and what's called austerity versus new growth programs. I think that that debate has been joined in Europe. Europe is not unified by any manner or means in terms of where it's going to come out on that balance and I think in this country as well. The two parties are quite different in their positioning on this. China I think is rather different. China is indeed slowing down, but China will almost certainly start to implement stimulus measures both monetary and fiscal to try to take care of it. And at the end of the day Chinese growth probably will slow down, but the probability of a very hard landing in China or if their growth rate starting to approximate the zero growth or the 2-percent growth in the advanced countries still seems to be low. But certainly between the United States

and Europe I think that this is a very active debate based on different philosophies about what generates growth in the short run.

MR. JONES: I want to take the question and use it to make a slightly different point about this which is that one of the things we're not talking about here yet is which president would do a better job at educating the American public about the change in the world that we live in? The point from your question is this. I think we begin to understand that our economy at this stage in history rises or falls with the global economy. The days in which our own production and our own consumption isolated us to some extent from the patterns of the global economy are long gone. China slows down, Europe slows down, we slow down. Period. End of the story. China grows, Europe grows, we grow. It's as simple as that. But I don't think that that is deeply understood in the American public. So the question then becomes which president can do a better job at explaining to the American public and communicating to the American public about the fact that we live in a changed world and what that means for us and what it means for the way we orient ourselves.

Here I think it's a tough call because certainly I would say so far Obama who clearly understands this reality has not done that good a job at explaining this to the American public. It's a hard thing to explain and it's a hard argument to make, and it's especially hard to make it during

tough times. It's easier to make it during growth periods. With Romney we don't know. We don't know whether Romney will end up coming across -- there could be a kind of Nixon to China element to Romney here, but there could also be you're just one of these Bain capitalists who profit from this while we lose jobs in Michigan or whatever, and we don't know. We don't know what Romney will be like in terms of communicating to the American public on these issues. Certainly there is nothing in his campaign rhetoric that would suggest that he's good at it, but presidents and campaigners are different.

MR. DOVERE: Strobe, what's your answer to the question?

MR. TALBOTT: It's a thought that occurred to me in listening to Bruce's very good answer. The one-word summary I think of what a lot of us are saying, and it's built into your question, is interdependence. By the way, the fate of China's great experiment is completely dependent on the health of the global economy. Going to Bruce's point, I think one reason that President Obama who really gets it on interdependence is not out there making this case that in tough economic times talking about interdependence makes you sound soft and this is the perennial Achilles' heel politically of Democrats and Democratic candidates for president including incumbent presidents who are seeking reelection. They don't want to look soft. And with us feeling that the

Europeans are about to screw everything up and the Indians are taking our jobs and the Chinese are eating our lunch and so forth and so on, to say as an interdependent world you're not protecting us. That is a fundamental factor and I think the president has got no way around that between now and the election. He's got to find ways to talk about it that if they don't sound robust, at least sound very, very optimistic. That's why I'd recommend to all of you read the text of the Air Force Academy speech. It was Reagan and Morning in America, the sun is shining, we're going to be fine; but I don't think the word exceptional appears in there, but not interdependent.

MR. DOVERE: Homi, I'm curious given how much of the global economic situation is part of our paper and your thinking on this, the question that Bruce has posed here of which one of these candidates would be better able to explain to the American public the situation that we're facing. What's your answer to that?

MR. KHARAS: I had found it interesting that on things like gas prices which is a clear example of the interdependence, there's been the suggestion that it actually really does depend on the president and there were some fascinating polls showing the way in which these views about the president's ability to control gas prices flipped over time depending on who's in power, so it's not actually a matter of deeply held

beliefs, it's really a matter about communication to the American public. It does seem to me that that is enormously important. The fact of the matter is not just in the United States but in Europe, the honesty of the conversations around economic problems is disappearing. It's part of the reason why the Europeans haven't been able to solve their problem is because in Germany they still have this view that all the Greeks are lazy. Greeks actually work probably about 25 percent longer hours than Germans. These perceptions become very important in terms of the way in which economic policy ends up being formed and at the moment I think there's a real problem with the honesty with which that communication is happening.

MR. DOVERE: I have another question over here on this side.

MR. CHOW: I am Ching Chow with Phoenix TV. I'd like to talk about the issue around China bashing. Yesterday Romney just released an ad on China and the White House responded quickly that we are tougher against China. I'm curious whether the China bashing issue will intensify throughout the campaign and whether either one who is elected will they fulfill their promises? Also today the Treasury just released an exchange rate report and it claims that China's currency is still significantly undervalued, and although Secretary Geithner admits that

Chinese has appreciated 40 percent within 5 years. Why are exchange rates still the issue during the campaign? Thank you.

MR. DOVERE: Before the first person jumps in, we're running a little bit short on time, so if we could keep these answers short to get to one or two more questions.

MR. TALBOTT: I'd say, yes, that China bashing will intensify and let's count on Chinese patience and when we get to January we'll be back to something like normal, and I'll let Homi handle the currency exchange rate.

MR. KHARAS: I think that this goes to some extent to the point I was trying to make about the facts of what's happening in terms of economics and the perceptions. U.S. exports to China have increased by about 50 percent cumulatively since 2008. Chinese exports to the United States and the U.S. imports from China in that same period have increased by about 20 percent, and this is a trend that's been there since about 2004 or so. When you look at this in terms of growth rates, the U.S. is actually doing really well. Last year U.S. exports to China surpassed \$100 billion, so the size of the bilateral deficit is still quite substantial but what's actually happening is that trade on both sides is just going up and that's probably been very beneficial for both countries.

MR. JONES: The only thing I would add is that you win elections in swing states and there's an unfortunate coincidence between where the swing states are and where manufacturing has been decimated and who loses from a worldly integrated economy. If you're in L.A., New York or Miami, globalization and integration is okay but not so much in western Pennsylvania. So I do think that the nature of the election campaign forces a focus on the downsides of global integration whereas there is quite a lot going on that drives the good sides of investment and shared growth.

MR. DOVERE: There is a question in the middle on that side.

MR. GORGUISSIAN: Thomas Gorguissian, *Tahrir Egyptian Daily*. My question is about climate change and the Arab Spring. What do you expect from Barack Obama or Mitt Romney to do in handling the ongoing changes in Egypt and the Middle East in particular and whether it's going to be just relying on security alliances or deeper or useful partnerships?

MR. JONES: One thing I think that will come up quickly, and it may come up before the election, is whether there are differences between the candidates on issues like Syria. So far what we've seen in Syria is the Obama Administration is very careful about talking about the

potential for American military engagement for example and he's been criticized for that by some parts of the Republican Party as well as some parts of the Democratic Party. I think that this is one of the interesting issues, that there is a kind of hawkish alliance, a kind of human rights hawkish alliance, which straddles the two parties. I don't know whether Romney would behave differently in Syria than Obama has so far. I doubt it. I think that the idea that we would rush to military intervention in Syria under Romney is probably overplayed. Your question is broader than that. I think there are fundamental tensions here in the Arab Spring for the United States and fundamental stakes and the ability to navigate what's coming is going to be a critical test of either president. I don't have a crystal ball here. I don't know if Strobe has more insight. It's very hard to have a sense of this.

One of the things we haven't talked about is it will matter a lot who it is that Romney or Obama pick to be their national security advisers and secretaries of state in a second term in a Romney first term. There is a pretty wide cast of characters who are on the potential list for Romney and that will shape things quite a lot. Whatever it is, I think these two challenges that we've been talking about, the economic rise of Asia and the military rise of China, but then the turbulence of the Arab Spring

will be defining features of American foreign policy certainly through the next presidency.

MR. TALBOTT: And you might put Iran on the list too.

MR. JONES: I would put Iran on the list.

MR. DOVERE: Homi, do you have anything?

MR. KHARAS: I think in countries like Egypt in particular that taking an economic lens now is going to be important for both candidates, and the big challenge that will need to be addressed is that the real money and resources for helping countries in the Arab world is likely to come from the Gulf and the question is going to be to what extent can those be merged with the support that can come in a variety of nongrant forms, but trade alliances and investment alliances, and from the multilateral institutions. If that combination can be effectively put together, then I think that there is a reasonable chance that the economic support packages for these countries can be quite useful. If that can't be put together, then I think you will be faced with a situation where there will be potentially significant economic risks and trying to forge security alliances with countries that are having their own domestic economic problems I think we've seen in places like Pakistan is a very, very difficult thing to sustain over time.

MR. DOVERE: I think we have time for one more if the question is short and the answers are short. Right up here in the front.

MR. RICHMOND: Hal Richmond, formerly with the State Department. Since a presidency is often defined by what the president achieves in his first year or so in office, let me ask you a question about priorities that each candidate might have not just based on campaign rhetoric but overall and this is hypothetical. Assuming that domestic and foreign policy constraints are not forbidding, what do you think Obama and Romney would most like to do in terms of their priorities early in the next administration? Thank you.

MR. DOVERE: Whoever wants to take this one, keep it short so that we don't run over.

MR. TALBOTT: The short answer, either one of their priorities has got to be fixing the problem that is not going to be fixed this year because we're having a presidential election campaign, which is fixing this country particularly fiscally. As for the priority in the election, it goes back to the famous Reagan question that allowed him to defeat Jimmy Carter. Romney is going to ask that question, he already has, and Barack Obama is going to try to persuade the American people since this is a referendum on his performance in his first term that we are actually better off than we were when he came into office.

MR. JONES: I think it will depend on the state of the European economy, but maybe Homi could talk to the global economic issues and the European issues. I think on more traditional foreign policy issues, I don't think they will be given a choice. I think the Iranian situation either will be resolving itself or will not be resolving itself and either way it will be the dominant foreign policy issue in a kind of crisis management mode in the first year in 2013 under virtually any circumstance. Where I think people will look to opportunities if they want to define it on those terms, I think where the opportunity lies is in the tightening up of the alliances within India, with Turkey, with South Korea and with Australia and forging new patterns of cooperation with those actors and I suspect either party would look to opportunities there.

MR. DOVERE: Homi?

MR. KHARAS: I'm with Strobe on this. I think that before looking abroad and really being effective abroad, fixing the fiscal and fixing growth is essential and both will have to think hard about how to do that.

MR. DOVERE: What our program calls for at the moment is for a closing thought from each of these gentlemen to try to sum up all of the things that we've talked about perhaps or send us to the one thing that we didn't or the 10 things that we didn't. We'll move down the line in whichever way or whoever wants to go first.

MR. TALBOTT: I think that it's appropriate that Iran came up toward the end. I'll make one observation yet again about the irony and perversity of the effect of election years on our foreign policy. As you have all been following the newspapers, there has clearly been more progress than the pessimists have expected, not as much as the optimists may have hoped for, on Iran. One of the constraints on President Obama though as he figures out how to get to his end game over the next couple of months with Iran is dictated by the election. That is, in order to get a big deal with Iran, he would have to give away enough so that he would be vulnerable to the charge that he gave away too much. The dynamics of our election process is going to drive him toward a modest or even minimalist agreement which is a lot better than none by the way, but makes it necessary to wait until the next administration for a big deal if there is one to be got with Iran.

MR. KHARAS: My sense is that whoever wins the election will have to quickly come to grips with how aggressively do they want to address the issues of global governance and what to do about international institutions and about forming new alliances and whether it requires or not a major overhaul or a muddling through kind of process. I think that there will be a big question about whether the so-called tilt to Asia can actually be implemented or whether it's Iran or Syria or Europe,

something will keep dragging the president's attentions and priorities away from the large dynamic emerging economies in Asia. Then finally about whether the foreign policy of the United States will continue to be broadly speaking dominated by security concerns and military interventions or whether it will become more driven by economics, by development or by global growth.

MR. DOVERE: Bruce, you started us off, so finish it up.

MR. JONES: Let me make two points. One, what's the test? I think if you look back in 2015 or early 2016 and you're trying to judge did we do well or did we not in foreign policy terms, the question I would most want to focus on is are we in a tighter alliance and a productive alliance with India, with Brazil and with Turkey, critical emerging powers whose participation in global structures and participation in global economics is going to matter a great deal. China is going to be a different category and we'll have to handle it differently and we'll have to manage it in a complex sense, but below China, these other actors who are kind of the new swing states who can tilt us in a positive direction or keep us in a very complex space, are we in better shape in terms of our relations and our structures for cooperation with those actors, and that's the test as we look back.

The second issue that I think we have to talk about is we've got a pattern of global economic investment into this country in trade relations centered in major metropolitan cities. I heard John Warner in the room next door talk about the thing that he thinks has to happen most which is to start driving foreign direct investment and global economic investment to rural communities and to communities outside of major urban centers for two reasons. One, in terms of what we're going to do to kick start growth. And second, and more importantly to start educating those parts of the American public that have so far not seen a profit from globalization to start showing a profit from globalization and educating about the nature of global economic integration. In other words, educating the American public about the world we're in can't be an abstract discussion about BRICS or who's up or who's down or these kinds of things, it has to be a genuinely felt economic reality that integration is a positive thing in terms of generating jobs, so that maybe that's a 2016 comment more than a 2012 comment, but I think that those two features, can we change the patterns of where it is that globalization is generating profit and jobs in this country, and are we going to be in better shape in terms of alliances with these new players on the international stage.

MR. DOVERE: There's a lot to think about. Thank you to Homi, Strobe and Bruce for joining us and thanks to all of you for being 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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