

## Introduction

### Twelve in '12

As the 2008 presidential campaign got under way nearly five years ago, the Brookings Institution launched an institution-wide initiative called Opportunity 08. The project's purpose, Brookings president Strobe Talbott wrote in his foreword to the ensuing book, *Opportunity 08: Independent Ideas for America's Next President*, was to "help the public and presidential candidates focus on critical issues facing the nation and to produce ideas, information, and policy forums on a broad range of domestic and foreign policy questions." The 2008 campaign was unique in modern U.S. history. "Despite all the differences among them," as Talbott noted, "the candidates seeking the Democratic and Republican nominations have one thing in common: none is an incumbent president or vice president. . . . The last time we had open primaries in both parties was eighty years ago." The project and *Opportunity 08* represented an effort to write on the blank policy slate that this rare electoral anomaly created.

The 2012 president campaign is different from the 2008 campaign—more traditional in key respects. An incumbent president in sluggish economic times faces a challenge from a political party that has repeatedly clashed with him and that made significant gains in midterm congressional elections as a consequence of confronting him boldly, despite his dominant victory over that party's standard-bearer two years earlier. In such an election, the debate is necessarily more confined. It focuses on the performance of the incumbent. It focuses on the policy initiatives he has championed. And it focuses on the alternatives to those initiatives the

out party offers. In conditions of ongoing economic stagnation and slow emergence from the Great Recession and financial crisis, economic performance necessarily dominates this discussion. Issues of war and peace, which played a significant role in the campaign debate at a time when the United States was fighting two major conflicts abroad, have receded from public controversy somewhat in the wake of the winding down of one war and announced plans to wind down the other. Structurally, the presidential election of 2012 looks very little like the one four years ago.

But if the campaigns differ, the role of the Brookings Institution in them remains the same: as Talbott wrote, it is to focus on the critical issues and to provide independent policy ideas to the next administration. The Brookings Campaign 2012 project reflects both this essential philosophical continuity with Opportunity 08 and the structural differences between the current campaign and the preceding one.

In keeping with that philosophy, we identified twelve critical issues the next administration will face and invited Brookings scholars to assess the Obama administration's record on each, to assess the Republican critique of that record, and to synthesize into advice for the next administration the merits of both the administration's position and the views of those who would replace it. For each, we also asked two others in the institution to provide brief commentaries on the thesis presented, to argue with it, to discuss related issues that were not treated but that the next administration should also consider, or simply to add additional policy texture germane to the argument.

Any attempt to organize important policy issues into a discrete number of topics will necessarily entail reductionism and arbitrariness. Choosing a small number—in this case a dozen—adds to both problems. There are, as a result, any number of important issues that we do not treat in detail: the Euro-zone crisis, North Korea, domestic social questions, Supreme Court appointments, to name only a few. What's more, we include some issues—federalism and the reform of institutions, for example—that do not rank high on the candidates' lists of debating points or campaign promises and probably will not play a large role in the campaign debate. We do not hold our choices out as *the* twelve critical issues, but rather as a set of questions that either are playing a major role in the campaign or that should, in our judgment, play a larger role than they likely will. All are matters the next administration will either face or ignore at its peril.

This volume presents the results of our analyses, organized into three parts. The first, “At Home,” deals with five essentially domestic issues, most of an economic nature. These are, in order:

*Restoring economic growth.* Martin Baily argues that the “immediate problem facing the economy is weak demand” and that recovery “will need to be nurtured both in the remainder of this administration and in the next presidential term.” In response, Elisabeth Jacobs reflects on longer-term difficulties plaguing the U.S. economy, and Karen Dynan suggests reforms to the housing sector.

*Tackling the budget deficit.* Ron Haskins urges the next administration and Congress to “work together to reduce spending, especially on Medicare, and increase taxes.” William Gale responds with suggestions for tax reform, while Isabel Sawhill argues that job creation presents a more immediate problem than deficits.

*Curing health care.* Alice Rivlin argues that President Obama’s signature health care reform law “should be fine-tuned but not repealed” and that “the [next] president and Congress should also forge a bipartisan compromise that will reduce the growth of the debt and put the federal budget on a sustainable track for the future.” Thomas Mann responds that the politics of health care do not favor the medicine Rivlin prescribes, and Ross Hammond argues that controlling health care costs requires dealing with America’s quiet epidemic of obesity.

*Remaking federalism.* In Bruce Katz’s view, creating jobs and restoring a vibrant economy are “well beyond the scope of exclusive federal solutions,” which means that the next president “must look beyond Washington and enlist states and metropolitan areas as active copartners in the restructuring of the national economy.” In response, Tracy Gordon expands on the theme with some thoughts on the nature and history of federalism, while Pietro Nivola warns that fiscal austerity at the state level can actually undermine federal antirecessionary policies.

*Reforming institutions.* William Galston finds that “in challenging times, political leaders are drawn to institutional reform, not because they want to do it, but because they must,” and that notwithstanding the candidates’ lack of eagerness to talk about institutional reform, “the present era is unlikely to be an exception.” In response, Sarah Binder takes a somewhat dimmer view of the prospects for reform, while Grover Whitehurst believes that the “neglect of needed reforms

by the president and Republican candidates is not [as] obvious” as Galston suggests.

The second part of the book, “Abroad,” focuses on five major foreign policy challenges:

*Reviving American leadership.* Bruce Jones, Jane Esberg, and Thomas Wright argue that, rhetoric aside, a “bipartisan convergence” is taking place with respect to America’s role in the world in an era of increasing multipolarity and think that “the next president—from either party—will face a series of domestic and international constraints that will select for continuity with Obama’s [current] policy, rather than change.” By contrast, Homi Kharas detects less convergence than Jones, Esberg, and Wright do, and Strobe Talbott and John-Michael Arnold believe that as long as the United States “is tied up in knots at home [on climate change], it can’t lead the world.”

*Establishing credibility and trust with China.* Kenneth Lieberthal and Jonathan Pollack contend that reestablishing America’s own fiscal health is key to relations with China and favor “initiatives with the new Chinese leadership that hold out the possibility of building greater trust based on deeper consultations and concrete actions.” In response, Joshua Meltzer comments further on the future of the economic relationship with China, while Richard Bush draws attention to the dynamics of Chinese-American mutual mistrust and the way that plays out in American elections.

*Slogging through in Afghanistan and Pakistan.* Michael O’Hanlon and Bruce Riedel press for “a new policy for dealing with Pakistan and a new political strategy, though not a new military strategy for dealing with Afghanistan.” In response, Vanda Felbab-Brown discusses what it would take to improve governance in Afghanistan, and Elizabeth Ferris urges that more attention be paid to the humanitarian concerns facing the populations of the two countries.

*Keeping Iran in check.* Suzanne Maloney argues that “future American policy toward Iran should remain consumed with continuing to prolong the path to a nuclear weapons capability and deterring the influence and intentions of its current regime.” In response, Shibley Telhami examines the relationship between Iran policy and U.S. engagement with Israel and the Arab world, and Michael Doran argues that an Iran crisis represents Obama’s greatest potential foreign-policy electoral vulnerability this year.

*Prioritizing democracy in the Arab world.* Shadi Hamid urges the next president to prioritize “the support of democracy and democrats in the [Middle East]” and institutionalize “the promotion of Arab democracy by coordinating the fund of a ‘reform endowment.’” In response, Tamara Cofman Wittes identifies three key challenges for the next administration in confronting Arab democracy, and Raj Desai questions the reform endowment as a concept.

The third part of the volume, “Worldwide,” deals with problems that by their nature transcend borders and thus relate to both foreign and domestic policy:

*Making climate policy work.* Ted Gayer believes the next administration should focus on obtaining the greatest carbon-reduction bang for the economic buck and on linking climate policy both to fiscal issues and to more comprehensive environmental reforms. In response, Charles Ebinger and Govinda Avasarala consider five major disruptions to world energy markets that have taken place in recent years, and Katherine Sierra looks at the opportunities for movement in international climate negotiations during the next administration.

*Keeping on offense against terrorism.* Daniel Byman and I urge the next administration to maintain robust military and covert operations against enemy forces abroad, as well as to settle relations with Congress regarding the balance of law enforcement and military authorities. Stephen Grand suggests in response that support for democratic transitions in the Arab world necessarily must complement robust military and intelligence actions, while Rebecca Winthrop and Kevin Watkins argue that economic development efforts must be at the center of any effort to confront terrorism.

Obviously, these are not the only critical issues the next administration will face. And, at least for some of them, a president determined to kick the can down the road through the next presidential term could probably do so. But these twelve in '12 provide a means of assessing the performance of the incumbent administration on key issues at a time when that performance is being fiercely contested in the political arena. They also suggest a means of course correction—by identifying the areas where policy is not working and where the next administration, either under Obama or a GOP president, should take a different bearing.