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**Foreign Policy and National Security Post-Election --
Transcript**

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I'm going to focus on two or three foreign policy issues, and just to tee up our conversation, tell you why John Kerry's job is going to be harder than Hillary Clinton's was. Since that transition is occurring now, it will be a way to frame my view of where we are in the world today, and then we can go wherever you like in the discussion.

Let me say what I mean by that. President Obama, with Hillary Clinton as his Secretary of State, with Bob Gates and Leon Panetta as Secretaries of Defense, with Panetta and then David Petraeus as CIA directors, and so forth -- did a very solid, pragmatic job in the first term in foreign policy, but they didn't have any big accomplishments, and they didn't resolve anything much.

I meant that to come out as a compliment. I think that, overall, given what was in their in-box, they did pretty darn well. And in terms of the competence of execution, this was a very competent

first term. One way I would define "competence" is, just follow through on your own plan. So, we can all have our own strategies about what to do vis-a-vis this or that country, and, obviously, some strategies could be better than others. But a sure sign of difficulty or failure is when you don't even stay on message and act consistent with your strategy.

Generally, the Obama foreign policy team has done pretty darn well at following through on their strategy. And President Obama, for all the grand hopes that he awoke in people in 2007 and 2008, and for all the starry-eyed idealism that helped him get elected, nonetheless, pivoted pretty quickly to handling his in-box, and asking his Secretaries of State and Defense to do the same. He didn't spend a whole lot of time in his first term pushing hard for a nuclear-free planet, with a treaty to abolish nuclear weapons, for example. He fell back on time-tested, U.S.-Russia arms control, and a couple of summits in Washington designed to elevate the centrality of the issue of non-proliferation. In other words, he became very pragmatic. Same on negotiating with dictators -- remember, Obama shook Chavez's hand in that Organization of American States meeting in 2009, and then basically ignored him for the next three years. There was no big detente. And it obviously didn't work out on detente with Iran, either, or with North Korea.

On many of the issues that Obama campaigned on, that he really tried to lay out as driving a big new foreign policy vision, he wasn't able to do that much -- and he knew he wouldn't be able to do that much. Or, at least, as soon as he encountered resistance, he didn't waste a lot of breath pursuing avenues that would be unproductive.

In his second inaugural speech, Obama harkened back to some of his early themes, but that's what you do in a second inaugural, right? He didn't actually say, "Okay, I take it all back. Iran can have a nuclear weapon if they want." What he said was, "I'd like to have a peaceful world," but his previous comment still stands: that if Iran goes for a nuclear weapon, he's not going to let that happen. So I thought too much was made of the second inaugural as ushering in this big new liberal peace-nik vision that is sort of Obama's roots. No, it was a speech about ideals and aspirations. And he's going to fall back on being a pragmatic president again, starting right away. And that's what Hillary Clinton did for him.

Now, John Kerry is going to have a challenge. I'm going to focus on Iran, Russia and China, to illustrate the current reality and trends in foreign policy, and why I think Kerry's job in some ways is going to be harder than Clinton's.

Russia

Let me start with Russia. As you'll recall, in the first term President Obama and Vice President Biden said, and Hillary Clinton and Bob Gates backed them up, that we want to have a reset in relations with Russia. The problems between Russia and the United States were one thing that even critics of George W. Bush couldn't really blame on him because, after all, it was Vladimir Putin who decided he might want to overthrow the President of Georgia, and got very close to doing so before Bush talked him out of it. By the way, interestingly, Bush didn't talk him out of it by threatening another war, despite Bush's reputation in some circles as a war monger. Instead, Bush very appropriately said that if the Russians overthrow Saakashvili in Tbilisi, our relationship cannot be the same anymore. And that was a pretty good deterrent, a pretty effective way of handling the problem. But it wasn't Bush who provoked the attack on Georgia; it was Vladimir Putin who ultimately proved himself to be quite a strong-armed, traditional Russian leader in many ways.

In any event, some of what Obama saw was that there were some needless antagonisms in the relationship that probably could be mitigated. The Pentagon helped him out there, because the Pentagon came up with a new missile defense plan for Europe

that looked like it would be somewhat less provocative towards Russia, at least in Russian eyes. I don't think the Bush plan was all that provocative itself, but the Russians decided to interpret it that way. And Gates and company came up with a more gradual plan that would not immediately focus on putting interceptor missiles and radar systems in Poland and the Czech Republic, where the Russians could be understandably the most sensitive, since these were former Warsaw Pact countries.

And so ultimately Obama's plan would have us put interceptor missiles in Poland and the Czech Republic, but not right away. The Russians didn't worry too much about that part of the plan initially, and decided to let things be better. And, of course, Medvedev was the president at that point, and that made life a little easier, as well. We had a few other areas where we could also compromise. The Russians didn't really want to see Iran get too well-armed either, so they agreed with our sanctions policy and held back on sending advanced weapons to Iran that they could have made some money on by selling. They also helped us open up logistics lines into Afghanistan through the north. And maybe some of you haven't thought about this as much as defense weenies like me, but wasn't it interesting that last year, when the Pakistanis closed off all access for six months for our logistics into Afghanistan, that we

actually could still fight that war? That would not have been possible three years before. Three years before, almost all of our logistics had to go through Pakistan, and if the Pakistanis had cut off the access, we could not have continued the struggle.

So, Obama and Clinton and Gates did have a big success with their Russia reset in regard to Iran sanctions, and in regard to Afghanistan. And all they had to do was implement a more gradual missile defense plan, which turned out to actually improve our short-term capabilities even more than the plan they had inherited. And they had to sign the New START treaty, which caused a bit of a hassle in the lame-duck session after the Tea Party won the elections of 2010, but otherwise was no particular skin off our nose, because we still have 10 times more nuclear weapons than we really need anyway.

So, it was fairly logical, fairly straightforward and effective, but also a fairly easy reset. But now we're in a much tougher place. Those immediate, obvious, one-offs are no longer available. We've already played that hand. Putin is back in the Kremlin. We've got the problem of Syria. 2012, by the way, was probably not quite as good a year for Obama foreign policy as the three years before, I would argue, partly because of Syria. Obviously, Benghazi is the other issue of the day. That's

strategically relatively unimportant, I think, but symbolically and politically a lightening rod.

Anyway, the Russia reset worked well overall, in terms of what was realistic to achieve, but where do you go now if you're John Kerry? What do you have to offer by the way of the next concession? The missile defense thing was not really supposed to be a concession at all. It was not supposed to be letting Vladimir Putin, or any other Russian president, decide if NATO could defend itself. So when Putin argued that it could be our way to have our cake and eat it too, in some ways he was right. And now the Russians have decided they don't like this plan either.

We could try for another nuclear arms control treaty -- and, in fact, I think we should. Steve Pifer and I wrote a short book last year suggesting what such a treaty might contain. But it's questionable whether the Russians are going to find that as appealing as they did the first time.

During the first term, under Obama, the New START treaty could be seen as returning Russia to the grand stage of nuclear superpowerdom, a stage that George Bush didn't really want to spend much time on because he was against the ADM treaty. He didn't think arms control was worth the time or the trouble. Obama reversed that, gave a boost to the Russians.

But can we really play that card again? We'll find out, but I'm not so sure.

So that's why Russia is going to be hard. It's going to be hard to make headway with Putin there. Who knows where the Syria issue will lead? But, right now, Syria looks like a divisive issue in U.S.-Russia relations, as opposed to an opportunity. I'll leave that one for discussion.

Iran

Now let me talk about Iran, since that comes out of the Russia discussion, and then I'll finish up on China.

Iran is also harder now because we have this fundamental choice: Do we go to war against Iran in the next couple years or not? And I'm sure most of you probably have your views about whether we can or should, but one thing you should accept, I think, is the centrality of this question, because your President and mine has made this the big decision of the next one to two years. President Obama has said, even more starkly and repeatedly than President Bush had said, that an Iranian nuclear weapon is unacceptable. Containment is not an option. He had a chance to take a softer line; he did not.

Wouldn't it be an amazing irony if President Barack Obama -- having called George Bush a president

who took too many risks, who was too unilateralist, who went to war too often -- if Barack Obama became the second great American preemptor in the Middle East in this century? And his own policies potentially drive us there? Because he has said, "We will not tolerate an Iranian nuclear weapon." And the Iranians continue to enrich uranium, as I'm sure you all know -- not just in terms of more, but a higher percentage of uranium 235, which is the fissile type that you need for a nuclear weapon. They've now got 20 percent U235 -- and one more iteration of enrichment, and they're to bomb-grade, fissile material. And they show no particular sign of relenting, even though during Obama's first term, Secretary Clinton, Secretary Gates, Ambassador Rice at the U.N., and others, in the Treasury and elsewhere, did a very good job of tightening sanctions. The sanctions have been beautifully orchestrated, and they followed naturally from Obama's effort to be more multilateral, more diplomatic, and to listen more to the concerns of other countries.

Also, Obama had reached out to Iran during the campaign. If you'll go back to the language from Obama's first inaugural, remember, he said we're willing to reach out our hand to those would unclench their own fist. But what Iran did in the next few months was to slap that hand, because they stole an election from their own people, and they continued to

enrich uranium, even with Barack Obama having written a letter to the Iranian president offering a pathway for better relations. And meanwhile, Obama got criticized at home very, very severely for that. I had been critical of Obama for that. But I have to give him credit, he turned that into a virtue, because he basically was able to say to the rest of the world, "It's the Iranians fault. I tried. I was not just George W. Bush pulling out my six-shooters and talking like I was some big swaggering American who got to run the world. I gave the Iranians a chance for a new relationship, and they are the ones who turned away from it." They turned away from it in a way that led them to kill their own people during their June 2012 presidential race. They turned away from it in flouting international obligations they had to allow inspectors to see what they were doing with their nuclear enrichment and other nuclear programs.

Once that happened, Obama pivoted to a much tougher line on Iran, and it was very effective. But it was effective in applying sanctions, not in stopping the nuclear program. The whole strategy is to apply enough pain so the Iranians themselves will be willing to do a deal. But we have no such deal at the moment, and no sign that the Iranians really want one.

So, that's why, again, Kerry's job is going to be harder than Clinton's.

China

The biggest enchilada of all is China. Again, the Obama team did a good job in the first term, but in a way that, I would argue, sets up difficult choices for the second term, because you can't just extrapolate their policies. You can't just distill the essence of Barack Obama's view of the world and take the policy that's already in motion, and then just continue it. None of their policies are going to allow that. They're all going to require some new, fundamental changes.

Here's what happened on China. My good friend and co-author, Jim Steinberg, and I are writing a book suggesting the next step forward in China policy. Jim is your fellow academic; he's dean of the Maxwell School at Syracuse. He was Clinton's deputy for the first two-and-a-half years of Obama's first term. He spent a lot of time with the Chinese.

One of the things that Jim, as well as the President, tried to do in the first year, was to reach out to China and say, basically, "We respect what you've accomplished in your own country. We recognize our degree of mutual economic interdependence. We want to avert a new cold war. We see no need to have a strategic competition with you that is any way

evocative of what happened with the Soviets years before. We recognize that your power is vaulting you into that number-two position in world power rankings, and maybe even heading towards competing with us for number-one spot. And for all those reasons, we would like to reach out."

It wasn't put quite that way, but that is essentially the essence of what happened in 2009. Obama also wanted the Chinese to work with him on climate change, on the Treat of Copenhagen, and elsewhere.

And then what happened was, rather than go along with these sorts of ideas -- as my colleague Ken Lieberthal explains in his part of the book we wrote last year on Obama with Martin Indyk, called *Bending History* -- the Chinese interpreted all of these initial Obama efforts as either a proof of naivete by a new American president who wasn't really prepared for the job, or a devious American plot to trap the Chinese into doing too much, to helping us too much with things like mitigating global warming, or rescuing the global economy, at a time when the Chinese really weren't ready to do so. They were still ranked about 100 or so in the world, in terms of GDP per capita. They had enormous economic and environmental problems, huge urban-rural divides, and a big demographic time-bomb ticking. Obviously they

were not, in their own minds, headed for some wonderful outcome.

So the Chinese are in this schizophrenic mentality where, on the one hand, they feel very powerful and very proud. On the other hand, they're nervous as heck about where their country is headed.

And so these initial Obama outreaches could have been interpreted as signs of respect and signs of an American willingness to work with them, together, on mutual problems. But they were interpreted, for the most part, in just the opposite way, as signs of trying to drag the Chinese into helping with problems that we had created, like global warming, or that they weren't yet ready to do much to help us with, or that they just didn't think Americans had any right to ask them to do anything different about, because they had an opportunity now, to reestablish themselves as a great power for the first time in centuries, and they were going to seize that. That was 2009.

And then in 2010, the Chinese start getting even more problematic. There were a few issues in 2010. The North Koreans sank that South Korean ship, killing 46 South Korean sailors in cold blood, and then they shelled a South Korean island and killed four more South Koreans. And the Chinese would not even go along with real sanctions at the U.N. against the North Koreans in response.

And then we decided to send an aircraft carrier up into the Yellow Sea to put some pressure on North Korea and let them know that we were not happy about what they just did to our ally. And the Chinese objected, implying that the Yellow Sea was essentially their territorial water. And then they started doing the same thing for the South China Sea, where they drew this funny dashed-line, and said that 85, 90 percent of the South China Sea is Chinese, as well as all the islands within it, and started picking fights with the Philippines, and sometimes Vietnam.

And then they decided to go and compete head-to-head with the Japanese over the Senkaku Islands. And whatever your view about who should have a claim on those islands historically, they're just not worth the trouble, unless you're looking for a fight -- which the Chinese clearly were at some level.

And so, in a sense, the Chinese had abandoned their longstanding policy of "peaceful rise" that would allow them to deflect any concerns others might have about their long-term ambitions, and the Chinese got a little too uppity. And it seemed to be at Obama's expense.

So Obama and Clinton and Gates, and Assistant Secretary of State Campbell, and others, had no choice. They had to do the rebalancing -- or as it was sometimes described, the "pivot to Asia." Obama wanted to do this anyway, because he was tired of

these messy wars in Iraq and Afghanistan, and he wanted to reassert American commitment to the Asia Pacific. So it was sort of pushing on an open door for those reasons, too, when people proposed to him that the United States orchestrate a pretty firm response against what China had done.

The United States did a lot of small things that added up to a fairly clear message of rebalancing. Hillary Clinton would go out to these regional fora and tell the Chinese that they should not be picking fights with other countries over these islands. We offered to mediate in a way the Chinese did not appreciate, because it felt like meddling to them. And we added a few ships in Singapore, and a few thousand marines in Australia -- relatively modest military steps, but they added up to an overall sense that we were back in the Pacific, and really committed.

Other steps like that were taken as well. Obama went to Australia and gave a big speech to the Parliament in November of 2011, and talked about how America was a Pacific power, and that China didn't need to fear us, but we were not going to let any of our allies or interests go neglected in this period of defense budget cuts and China's rise. That worked pretty well.

But, again, what do we do next? We don't really want to keep in the spirit of the rebalancing

as our central foreign policy for the next four years. Because once Obama showed the world that we were back in the Pacific, and that we were not going to take grief from the Chinese just because he's some young freshman president who had only been elected to the Senate a few years before, and once he's proven that he's tough, can that really be the basis for four more years? I mean, that would essentially be the worst relations we would have with China since Nixon and Kissinger and the opening, if that became the essence of our policy over the next four years. And what an irony that would be, if President Barack Obama, who campaigned as a peace president, and then reiterated that in his second inaugural, wound up being the president who for the first time since Nixon had a bad relationship with China.

I don't really think that's what Obama wants. There are pressures that are going to push in that direction because of the nature of China's rise in capability, but Obama has an unresolved question: How do you maintain firmness and resolve, but avoid stoking another kind of strategic rivalry of the type we don't really need or want?

So, again, this is why the next four years will be harder than the last four.

The Next Four Years

Our foreign policy from 2009 through 2012 was very well executed. It was logical. It made good sense. But it did not require either huge imagination or huge gambles in regard to any of these three countries that I have discussed. Now, with Iran we're faced with a fundamental, existential decision: At what point do we stop tolerating their uranium enrichment?

With Russia, we've run into a roadblock: What do you do with Vladimir Putin in the Kremlin not just for the next four or six years but, potentially, until all of us have moved on to our next jobs? Putin could still be president in 2024, according to the theories that I've heard people espouse.

Finally, on China, this is going to be the most challenging and most important bilateral relationship for not just us, but probably for our kids, our younger junior professors - for the whole 21st century. Obama did the right thing pushing back against the Chinese, but pushing back is not a long-term strategy, it's a short-term tactical adjustment.

I'll leave it at that, my interpretation of where the last four years have been, and the difficulty of the decisions before Obama and his team going forward. Whatever you want to discuss, please have at me, or let me know what you're thinking.

Discussion

SPEAKER: About the Mid-East: Netanyahu has just been elected for his third term -- a little bit of a surprise to some people, but that happened. It's easy to characterize the relationship between the current administration and the Israeli government as the worst it's ever been in the history of the two nations together.

The Arab Spring of democracy, at least in my opinion, was just a giant hoax. We bought it hook-line-and-sinker, but it was a path forward for Islamic fundamentalism throughout the region. And the notion that it provided any bastion of democracy was recently dispelled in Egypt when Morsi tried to disband elections going forward, and was just being a different kind of a more fundamentalist dictator.

In Iran -- I'm not expert, but Iran looks like a danger such as we've never seen in the Middle East.

Can you comment on the Middle East?

MR. O'HANLON: Yes. Thank you for your comments. A couple of things I would say. First of all, I agree with what you said about the U.S.-Israeli relationship, especially the first two years of the Obama administration. Martin Indyk, who was U.S. Ambassador to Israel, did a great job of detailing how

that happened in the book I referred to earlier. There were a few mistakes Obama made, I think, in those first couple of years that were quite important.

For one thing, as you'll recall, he said to the Israelis: Don't build any more settlements. I also wish the Israelis would not build any more settlements, but the problem with saying it as an American president, and making it a precondition for the peace talks, is as soon as the United States says that, every Arab government also has to say something at least as strident and firm. They cannot have peace talks after we've said to the Israelis that you first must stop settlements before the peace talks can happen. So that means, all of a sudden, you've built in paralysis. Because even though the Israelis ultimately relented and agreed to a freeze for nine months, it took so long to get there, and then it lasted so short of a time, and it was so tumultuous when it ended, that it poisoned the whole process.

Another big mistake was made in September of 2010, when President Obama made his annual visit to the U.N. for the big gathering of world leaders, and said: "Wouldn't it be wonderful if next year at this time we could welcome in a Palestinian state?" I shared that sentiment, too. In fact, I think there's actually a case to just recognize Palestine, period, tomorrow.

But the problem with saying that at the U.N. is, of course, that then the Palestinians decided that Obama had given them the green light to push for statehood, irrespective of whether there's a peace deal. What Obama said was it would be nice to do this as part of a blessing of a comprehensive peace deal. The Palestinians, on the other hand, said this sounds like a good alternative to negotiating a peace deal. And then we, the next year, had to actually stop Palestinian statehood from happening, and we would have vetoed it if it had actually been brought to a vote -- even though it was our idea, essentially.

So if you judge competence of execution by consistency with your own goals, then this was a very poorly conceptualized first two years of U.S. relations with Israel.

Having said all of that, they've done a lot of good repair work. Clinton, of course, is very popular, and John Kerry is very popular in Israel too. Obama has tried to work it back a little bit, and I give him credit for having come back from such a difficult position, caused by the his own bad decisions, and on Netanyahu's part, to where he now has at least a passable relationship with the Israelis. But I'm still not going to really challenge your overall assessment on that relationship.

However, I will disagree with you on Egypt, in two ways. One, there's nothing we could have done

to stop the Arab Spring. It was too late. If you want to blame anybody for not having stopped it, it's got to be the five presidents before Obama, not Obama himself.

Secondly, I hold out hope for Morsi. Once you've had a revolution in a 90-percent Sunni Muslim country, in a place where we have been associated with supporting the autocrat for 30-plus years prior to that, the fact that we still have leverage with Morsi, and still see him respecting other institutions -- at least nominally, so far -- gives me reason for hope. I don't think we know enough now to know where Egypt's headed.

I do see a lot of areas where I think Morsi is holding back on what a truly strong-armed autocrat would have done. That's not a defense of the Obama administration -- that's the reason for my hopefulness about Morsi. But what I like about Obama's Egypt policy is that he has correctly, I think, ascertained the degree of our plausible influence. I don't think he believes we can turn back history. I also don't think he's given up on Morsi, but he's also making some important redlines pretty clear: peace with Israel, the Suez Canal being open to American shipping and warships and avoiding a complete fundamentalist takeover of the country. The message is, if you do any of those things, the relationship with the U.S. is fundamentally imperiled, but if you have to push in a

somewhat Islamist direction in the short-term because of your politics, as long as we don't see other people getting hurt in the process, we're going to have to roll with it, because that's the way history has evolved in Egypt.

So, that's a very 30,000-foot summary of how I see U.S.-Egypt relations. You and I will have to come back in five years and then we can decide who was right.

SPEAKER: Yes, just a quick follow-up. I agree with everything you said about Egypt except for one thing: In the recent military scuffle in Gaza the missiles were coming from someplace. They're not making them in the back of the falafel shops. I wouldn't take Egypt off the hook for that.

And as for Morsi's relationship with the United States, well, we still send billions of dollars a year in cash, to the Egyptian military. Second of all, whatever's going on, it's hard to call it representational democracy.

MR. O'HANLON: On the issue of U.S. economic aid, I think this is where we have to think about how to use our leverage. I think it's been handled about right, but I think you could make an argument that we should scale it back at least a little. Because I agree with you, there were at least a couple of things that happened in Egypt, specifically, that were of some cause for concern.

What I would have liked was to send a message of displeasure without breaking off the relationship. Because on the big things -- peace with Israel, Suez openness, counter-terror cooperation - Morsi so far is still allowing some degree of checks and balances so far in the way Egypt is run, and we can live with everything they've decided. I don't want to jeopardize that by having a fight we don't need to have over some already messy issue of whether the legislature should be disbanded based on a supreme court decision -- stuff that's very murky.

But I still take your point. We want to think about how to use that leverage to make sure they go in the right direction in the future. In fact, I believe we ought to consider increasing the economic aid if they do good things, because their economy is extremely troubled now by what's happened the last two years.

If we can use economic leverage to incentivize them to make more good decisions, it may be worth our while. But I take your point, we may have to also ratchet it down a bit if they make bad decisions.

I think, so far, we're at an okay place, and that's where perhaps you and I disagree. But I think we do agree on the need to think of how to use that leverage in the future.

SPEAKER: China has a problem with economic growth, in that its growth rates have declined from

double-digits to maybe 8 percent. But we're having trouble with economic growth even sufficient to contain our deficit-to-GDP ratios where it is today.

How does our apparent weakness in the world economy play to China's hubris?

MR. O'HANLON: That's a great question. Ken Lieberthal has a great line about how the "shadow of the future looms large in the present." In other words, the expectations of where China's headed already affect everyone's calculus. Right now where they are is impressive in some ways, but extremely troubled in other ways. But they've got the 8 percent growth rate, and we've got the 2 percent growth rate, and people take notice of that.

They also can make decisions, and we can't. That may be an even more stark disparity.

This is part of why the rebalancing was necessary, because even if we still remain far more powerful than China by almost all measures, at the moment, the question of where we're headed is an open one. A lot of people saw us also being distracted from the Western Pacific by Afghanistan and Iraq and terrorism and Al Qaeda, and everything else. And so I think the rebalancing served a good purpose in showing that the United States can still focus on this region.

If you do a simple cold, strategic assessment of each side's relative weaknesses and relative strengths, we're still in a good place. Our

Pacific allies are Japan, South Korea, Australia. We're fairly friendly with India. Their allies are North Korea and this sort of Shanghai Cooperation Organization, which is not really an alliance anyway, but basically involves the former Soviet republics, like Tajikistan. And so if you look at the respective assets of the two sides in those terms, we're way ahead.

If you look at the strength of military forces, we've got, by my calculation, \$3 trillion of modern equipment, and they have about \$300 billion -- about a 10-to-1 disparity. Also, for better or worse, we have fought a combined total of five or six wars in the last two decades, and they've fought zero, which means we have combat-tested troops. There's just no comparison in the quality of the militaries right now.

We can also talk about where you all shine, the quality of our educational institutions. Now this is a two-edged sword, as I'm sure you can explain to me better than I can to you. I was just teaching at Columbia yesterday. I took my nine-year-old daughter with me, and she was struck by how many Chinese she saw. She didn't comment on being in New York City, she commented on how many Chinese students she saw.

The Chinese are trying to catch up pretty fast in higher education, but they still come to Columbia and all of your schools to do it. We still

have, far and away, the world's best high tech and higher education.

If we do this overall assessment, and if we sound confident about the future, and we're taking policy steps to redress our weaknesses, there's no reason for Americans to feel like the future is going to belong to China. And if they happen to close the gap with us on GDP and military spending by about 2025, that's just when their demography, and the inverted pyramid, really starts to be a huge problem for them -- far worse than for us. We complain about our demographic problem, but we have about the best demographic profile of any major power on the planet. All of the Western European and East Asian developed countries, as well as China, have much worse demographic profiles. And I would argue India does, too, because India has way too many people, and no prospect of limiting its growth rate.

So among the great powers, I want our trajectory towards 2030 much more than I want any other country's. What we have to do is just make some commonsensical steps about entitlement growth, and about revenue increases. All of our problems are fixable -- with the one exception that no one yet really knows how to reform health care.

But in terms of revenue increases and social security reform, we have it within our power to adjust our domestic investments by 1 or 2 percent, and

basically be on a good path. The Chinese don't. They have a much more fundamental problem economically.

Anyway, with others in the room who understand China's economy probably better than I do, I should stop talking about that so much. But when I try to do the whole ledger of strategic strengths and weaknesses of the two sides, I'd much prefer to be an American in 2012 than a Chinese strategist, thinking of how to exert power.

The Chinese are in a much better place than they've been for hundreds of years, but that doesn't mean it's a better place than we're in -- unless we make really bad decisions.

So, that's not a complete answer to your question. I took some liberties with it. But thanks for raising the issue, anyway.

SPEAKER: Will the U.S. be paying more attention to Africa over the next four years?

MR. O'HANLON: There's a chance we could, but it won't be a lot more, I'm afraid. It's easy to just be hopeless about Africa. But since you care about it, and since I was a Peace Corps volunteer there, let me look for some silver lining.

One is that Africa itself is doing better. At least there are a lot of cases where African nations are finally developing, maybe not 8 percent growth, but 4 and 5 percent. There's a great book done by Steve Radelet a couple of years ago, from the

Center for Global Development, about these new African states and all the progress that they're making. And we have a program here at Brookings now, the Africa Growth Initiative.

The point is that there's finally hope, not just because some African country discovers a lot of oil, but because they're starting to make market economies work, and make their democracies work -- in somewhere between a third and a half of all the African countries, depending on how you define it. I think that will have a ripple effect on how Americans think about Africa, and on how private investors and private institutions think about Africa.

For example, I love seeing my alma mater's program, Princeton in Africa. It looks sort of like the Peace Corps, but maybe even with more hope and vitality than we usually had in the field back in the old days. To me, that's hopeful.

But I don't know that the U.S. government is going to start announcing big new trade initiatives on Africa, or double development aid, or anything like that. I do think that as African countries themselves become more competent at running their own countries, a lot of what we already see beginning will continue, and that will develop a little positive attention, and a bit of a momentum.

On the wars that do continue in Africa, like in my old Peace Corps country of Congo, or the Sudans, or Mali, I think that the Western powers and the Africans now have, for the first time, some promising mechanisms to address some of these. For one thing, they're starting to get better at talking to each other, and the Organization of African Unity accepts some of the principles and ideals of trying to pacify the continent in certain places.

Secondly, I'm a big fan of what the French are trying to do in Mali. Let's hope it works. Vive la France. I mean, it's wonderful to see somebody else trying to do a fraction of the global peace-keeping, and not just us.

Third, we now have a military that is really good at helping other militaries train and get better in the field. I hope that we'll be willing to use small pieces of our military, if required, as part of the U.N. mission in a place like Congo. I think they could do an enormous amount of good, with far smaller numbers than we've had in Iraq of Afghanistan. A lot of what we've done in Iraq and Afghanistan is to learn how to work with indigenous forces to make the indigenous forces better.

Also, collectively as a country, we've gotten a little bit less casualty-averse. I think we're more willing to take a chance that 5 or 10 Americans get killed in something if it is worth doing, and if the risks that

are being taken are well understood. That's different from Africa policy of previous periods, when even one fatality would have been seen as unacceptable.

I still don't expect any big new effort here, but there are some reasons for hope, nonetheless.

SPEAKER: How do we reconcile the demographic and economic realities we face, and the cuts in the defense budget, with both our domestic and our foreign goals?

MR. O'HANLON: I think we can make some additional defense spending cuts, but not as big as would result from sequestration, or from the Simpson-Bowles deficit reduction plan that was unveiled a couple of years ago.

Tomorrow we're going to do an event, collaborating with Alice Rivlin, on how much defense spending can be cut by efficiencies and reforms. Alice is going to begin by summing up where we stand in the fiscal negotiations right now, and how much more deficit reduction she thinks we need to accomplish over a 10-year period. My guess is that she's going to say something like \$2-1/2 trillion over 10 years.

But I don't think defense can do anything close to a proportionate share of that, because it's already been cut -- depending on how you measure it -- \$350 to \$500 billion, and domestic discretionary accounts have already been cut from the 2011 Budget Control Act. I think it is important to do most of our future deficit reduction through entitlement reform and revenue increases.

Defense could, perhaps as part of this broad effort, potentially contribute another \$100 to \$200 billion in 10-year deficit reduction. But sequestration would require another \$500 billion. A lot of people would say that's okay, because we're still spending a lot compared to

other countries, or compared to historical averages, but that doesn't really tell you which forces you cut, and which responsibilities you pull back from. Certain defense costs are more expensive today, and that should be recognized, the same as in health care, where we don't say, well, today's health care can be cut back to 1985 levels.

What I'm trying to do is look for imaginative new ways to propose economies in defense spending, but hold very firm on the core capabilities that I think we need to preserve. And so my arithmetic leads me to proposing up to \$200 billion more in 10-year reductions, but not more than that.

MS. DYNAN: Well, thank you, Mike. It's great to have you back with us again.

MR. O'HANLON: A pleasure.