SPECIAL PRESENTATION

“RELEASE OF CHANGE FOR AMERICA: A PROGRESSIVE BLUEPRINT FOR THE 44TH PRESIDENT”

OPENING REMARKS:

MICHELE JOLIN, SENIOR FELLOW AT CAPAF AND CO-EDITOR OF CHANGE FOR AMERICA

MARK GREEN, FOUNDER AND PRESIDENT OF NEW DEMOCRACY PROJECT AND CO-EDITOR OF CHANGE FOR AMERICA

FEATURED PANELISTS AND DISCUSSANTS:

MICHAEL S. BARR, SENIOR FELLOW AT CAPAF AND A LAW PROFESSOR AT THE UNIVERSITY OF MICHIGAN

RUDY DELEON, SENIOR VICE PRESIDENT AT CAPAF

TOM DONILON, FORMER ASSISTANT SECRETARY OF STATE FOR PUBLIC AFFAIRS UNDER PRESIDENT CLINTON

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MS. MICHELE JOLIN: (In progress) Center for American Progress Action Fund for the release of *Change for America: A Progressive Blueprint for the 44th President*. Today we’re releasing part of the book online. Ten chapters will be available free of charge on our Center for American Progress Action Fund website. The book also is going to be published by Basic Books and will be available on the bookstores in January 2009.

The Center for American Progress Action Fund and Mark Green of the New Democracy Project began this effort about a year ago. We recognized that the 2008 transition could be the most important ever, given the economic turmoil and the national security challenges our nation faces. Our goal was to bring together the best progressive policy minds to jumpstart the transition process and help steer the new government in a new, more progressive direction. We enlisted over 60 policy experts, former government officials, and academics to provide advice and recommendations about what the new administration should do on day one, in the first 100 days, over the first year, and then over the longer term.

We were not looking for laundry lists of ideas, but rather a set of priorities and recommendations that were realistic and actionable for the new president and his team. The result is *Change for America*, a book with over 55 chapters, covering all of the major agencies and top policy priorities for the new president.

The book begins with an important section on the structure and workings of the White House. The recommendations include restoring a functional, strong, and effective interagency process at the NEC, revitalizing the NEC to ensure that it’s once again an effective coordinator and honest broker, and establishing a limited number of new White House offices that reflect the president’s new priorities, including energy, social innovation, and entrepreneurship and technology.

The next section of the book provides recommendations for how to stimulate economic growth and to be sure that all Americans are benefiting from that growth. We have recommendations for the immediate term and how the new president should deal with the continuing global financial and economic crisis. And we have recommendations for how to address the longer-term challenges, for how to address things like economic mobility and to promote transformation to a low-carbon economy. Our first panel is going to deal with some of those issues.

The third section provides a broad overview of the domestic landscape, focusing especially on how to promote a stronger democracy, dealing with the challenges and opportunities of our nation’s changing demographics, promoting energy independence and green jobs, and ensuring that all Americans have access to health care.
The final section presents a new national security strategy for the incoming president focused on fighting terrorist threats, ending the war in Iraq, ensuring a strong and secure homeland, promoting greater global economic development, and a renewed focus on human and civil rights, and diplomacy in a new security environment.

Our panels today will be highlighting some of the key recommendations in each of these areas. While some of our panelists and our authors may be involved in the official transition, I want to make clear now that they’re not speaking for the transition, or representing the transition. The views that they express are their own.

I also want to thank the many authors who contributed to this project. Not all of them could be here today, but I know some of them are here – Virginia Cox, Peter Edelman, Christine Varney, Fred Hochberg, Larry Irving, Max Stier, Doug Wilson, Simon Lazarus, Jonathan Sallet, and Tom Freedman. We really appreciate all of the enormous contributions you made in drafting these chapters. It was a lot of time and a lot of hard work and it's made a huge contribution to our effort.

I also want to say thank you to the entire team at the Center for American Progress Action Fund. The staff, fellows, communications and outreach teams, as well as our editorial team, played an enormous role in developing the content of this book, and a special thank you to Ed Paisley, who is the vice president for editorial at the Center for American Progress Action Fund. Your tireless lead helped make this book what it is.

And a thank you to our managing director of this project, Sam Davis, who managed all the moving parts with great patience and skill. And finally, a big thank you to our partners, Mark Green and the New Democracy Project, for your great creativity and for helping us draw on some of the great progressive leaders to make this project what it is. Mark?

MR. MARK GREEN: Good morning. Thank you all for being here at this potentially historic synapse for Washington and America, potentially a transition – certainly between presidencies and potentially between eras.

First, I really want to thank, as Michele has kindly done, Michele, Sarah, Ed, Sam, and the entire team at the CAP Action Fund for performing exactly as I had hoped and anticipated when we began, given their quality and the quantity of work that was done. Frankly, I don’t know who else could have pulled this off.

Also, if I may, a thank you to people who contributed resources and content over time, Doug Wilson and the Howard Gilman Foundation, (Gail Furman?), Doug Phelps and the Fund for Public Interest Research, Thomas Hilbink and the Open Society Institute, and especially my colleague, Lauren Strayer, the executive director of the New Democracy Project for her substantive and skilled work over 18 months, including her essay on the corporation for public broadcasting.

I’ve been asked periodically how this baby got conceived. Over a year ago, before he had to, of course, recuse himself, I called John Podesta and asked if he wanted
to collaborate on a non-partisan, agency by agency transition report for whoever became the 44th president, at a time when of course, no one could have known who would prevail. And the reason was that the Center for American Progress was the premier progressive think-tank in Washington. And I had done a version of this in ’91 and ’92 with the encouragement of then Governor Bill Clinton. So we agreed to be co-partners and then organized with Michele and then Melody Barnes and everyone else, scores of scholars, advocates, activists, officials to produce this 300,000 word – but who’s counting? The answer is our publisher was counting. (Laughter.) – word report called Change for America.

It turns out that in the Bush-Cheney years there were numerous experts in the policy wilderness who were doing great work, in a sense, waiting to be harnessed and combined for that moment when attention shifted from politics to policies. And that moment is now.

As Michele noted, this volume has hundreds of solutions and proposals for the next president, the next administration, the next Congress, but Change for America is not a mere list, for our thematic goal from the start was to ground all our proposals in four core values: democracy, diplomacy, economic opportunity and a greener world.

Given where we are in 2008, and given the inherited problems of a narrowed democracy, economic decline, two wars, a corrupted environment, a contempt for law, we thought it important to root our solutions in these four common values. In my view, they comprise a holistic program for progressive patriotism and what can be more patriotic than progress, which is the American hallmark.

As Whitman wrote, “America is always becoming.” So it’s time not just to wave the flag, but to act on and live up to her principles. That’s what progressive patriotism attempts to do.

So while a transition team, or any of you or any citizen, can determine which solutions you think are the most momentous and needed, Change for America is not a catechism. It’s a menu. Now, from my one perspective, here are highlights organized around these four principles and which are in my summarizing and synthesizing introduction.

First, a stronger democracy. As our second panel will discuss, when the mechanism of democracy is broken, when there’s such secrecy and disenfranchisement and lawlessness and special interest sway, then average people really can’t get heard; then government can’t act. It doesn’t know how to act in the public interest. So it’s an ideal time to push for universal voter enrollment, a criminal ban on voter suppression, congressional campaign finance reform, national standards for electronic voting and for voter disenfranchisement laws and a new office, or impute to an existing office a – you can call it a democracy czar, urging all these reforms within the government as the president's emissary.
Value two, economic opportunity. Because real income for middle class workers for the first time in several generations has actually declined in real terms these eight years, the 44th president should focus on an economic growth, but economic opportunity program as well. And as discussed throughout the book, that includes actually restoring the progressive tax code, increasing enrollment of children into children’s insurance program, moving toward a Medicare for all version of universal health insurance, emphasizing universal Pre-K, so all our children are ready to learn, and enacting an employee free choice act, so labor unions – about the best mechanism for raising real wages – stop losing to anti-union company campaigns.

Value three, diplomacy for security. At the end of World War II, Churchill and FDR certainly understood the concept of collective security for democracies and because problems today, of pollution and AIDS and other pandemics and refugee flows and terrorism, sure don’t comply with national boundaries, we need, in effect, to sign on to a declaration of interdependence, so we quit Iraq, close Guantanamo, stop torture, convene a regional alliance in the Middle East so Iraq doesn’t blow up again and construct and lead a new alliance of states against terrorism. The focus is on intelligence and police work, rather than preventive invasion so-called of sovereign states.

And fourth and last value, a greener world. Given the calamitous consequences of extreme weather and human-made climate change, America needs to move to a green economy. That alone can simultaneously attack three separate problems: job growth, pollution, and national security. The only way to serve as a model for developing and polluting mega-states like China, like India, is to build a green consciousness into every economic decision, every transportation decision, every regulatory decision.

So that means creating a new White House National Energy Council, discussed in detail in the book, with the stature of a National Security Council, a cap and trade program, stricter auto fuel efficiency standards, a plan to develop a new line of ultra-efficient vehicles, like plug-in hybrids, and a requirement to increase electricity generated from renewables.

Michele and I and the first panel will be available to answer questions from the media at the close of the next panel, but I’d like now to turn to the four panels, each with several contributors, who will themselves summarize their best solutions because our volume looks ahead, not backward. It’s about solutions rather than just a description of what has gone wrong, organized around economic opportunity, democracy, diplomacy for security, and finally, a greener world.

With that, could the four panelists on economic growth and opportunity please come forward?

MS. SARAH ROSEN WARTELL: (Off mike) – so much for being here. I’m Sarah Rosen Wartell. I’m the acting CEO of the Center for American Progress and Executive Vice President at the Center for American Progress Action Fund, in which capacity I’m here today. I see many friends in the audience and I also see a number of
other chapter contributors who I think even didn’t make Michele’s list. Some folks may have come in we weren’t expecting.

We’re really pleased to see everyone and I cannot say how much on behalf of New Democracy and the Center for American Progress Action Fund how grateful we are to all the people who’ve put their time and energy. I know from personal – multiple rounds of edits how much effort in late hours, around day jobs, people spent and we’re really grateful.

This panel is going to focus a little bit on some of the recommendations in the book that come out of the economic agenda. And Mark laid out some of the principles that I’m going to – we’ll talk a little bit more about them.

We’re lucky to have three of the authors here. Let me introduce everyone at the start, so we can go quickly through it.

We have Jeanne Lambrew who is both a senior fellow at the CAP and an associate professor of public affairs at the LBJ School at the University of Texas. She was a senior health policy leader in a variety of positions in the Clinton White House. Her chapter us on HHS and contributed also to the overview on health policy.

Michael Barr, also a senior fellow at CAP and a professor at the University of Michigan Law Center, was an official in the Clinton administration in the Treasury Department.

Judith Winston was formerly a general counsel and undersecretary at the Department of Education, also formerly a law professor at American University. She contributed a chapter about the Department of Education.

Of course, on the economic agenda, there are many other authors whose work is reflected today and let me just mention a couple of the others. Laura Tyson, formerly the NEC and CEA chairs and a CAP senior fellow, does a chapter on competitiveness and trade. Ed Montgomery, formerly the deputy secretary at the Department of Labor, has a chapter about that department. Peter Edellman of Georgetown Law, formerly at HHS, and Angela Glover Blackwell, two of who co-chaired a CAP poverty task force in 2007, wrote a chapter about restoring economic mobility.

Gene Sperling has a chapter on what a progressive economic agenda looks like. Gene will be speaking at a separate program here this afternoon at CAP. That program talks a little bit more about this ambitious agenda that’s reflected in this book, how it can start to get accomplished, and how quickly we can move ahead on its various pieces in light of the very difficult economic circumstances the country finds ourselves. And we’ll – there’ll be a discussion there today about why all of this needs to proceed probably even with greater urgency and alacrity than we had first envisioned because of the difficult circumstances the country finds itself in.
I’m going to just very quickly provide you an overview of what all of these different economic chapters, and others I haven’t mentioned, are really getting at and then turn to the panels.

There is a piece that’s laid out in our website today. It was – it did not make the book. There was a number of other chapters like that that did not make the book that – our 300,000 words was about the patience of our publisher and how much people want to carry around with them when the thing is printed. But this, in some ways, is a distillation of what’s in all of the economic agenda, and what it really is, is sort of how I think the new president’s economic agenda will be measured from history.

They’re the goals, the high-level goals, that all of these policy recommendations Mark mentioned that we’ll talk about here today are aimed at achieving. And they’re what I hope – and as John and I argue in our White House chapter – in part should be the kind of the lodestar, the reference point, that people stop, as crazy as life is inside the White House, to stop every once in a while and say, does it look like we’re making progress in what we really set out to do? Sure, there’ll be 100 problems we can’t even imagine today and some that we didn’t imagine when some of us were writing these chapters only five, six months ago, but at the end of the day, we know what the key issues the economic agenda of this president will be judged by, I believe.

So the first is whether the country grows, and as Mark pointed out, it’s not simply growth that we aspire to. We’ve seen economy that grew relatively well over the last eight years, but a very small portion of our population benefit from the growth. So is this growth driven by the recommendations in the innovation chapter, in the green revolution chapter, in many others? Is this growth that is widely shared and benefits many in our society?

Another thing, which is implicit in that, is not only that we provide a level of economic security for the American public, but also economic mobility. The core idea of what it means to be American in this country is that people have a chance at getting ahead and that their children have a better future than they had. And yet for the last eight years, that’s really begun to disappear and in fact, there are some longer term trends.

Americans fundamentally understand that they live in a global world that’s different and no one has offered a strategy for the country's success, for our firms' success, and for our citizens' success in that world. Are people once again believing that they and their children face a brighter future?

The transformation to a low-carbon economy is thought of not only as an energy policy, but as a driver of growth and essentially, a necessary change because if not, we can’t restore confidence in an economy if people see the enormous cost of inaction that we’re potentially going to face.

A responsible fiscal policy – and in today’s environment, that needs to be understood differently than perhaps those buzz words mean. Absolutely, we need to be doing some investment now in the short term in making these opportunities and growth
possible in the long term. But too, we need to be willing to scrub the federal government, invest our resources in the things that are most important to growth, be willing to make choices about relative effectiveness of programs and tax expenditures, and on the long term, find a path towards restoring balance. And that will also be discussed further at the afternoon panel today.

A competitive America, one as I said before, that has a real possibility for being a global leader, both economically and around the world, global prosperity and sustainable security. Our role in the larger global economy has been demonstrated rather painfully over the last few months, but we can become an engine of expanding economic opportunity, helping to build broad middle classes in countries around the globe, and that’s ultimately good for us.

And then finally, a stable global financial system.

Those are some of the large goals that we believe the policy recommendations in this book advance and which, at the end of the day, when we’re looking back on the Obama administration, not only eight years from now, but perhaps decades from now, we hope that if these recommendations are able to move forward, we’ll be able to say there was progress.

I know that Jeanne is drawn in a couple of different places today, running around to Capitol Hill, so we’re going to ask her to go first on health care and then she needs to run right out. We’ll move forward from there to Michael and then to Judith.

MS. JEANNE LAMBREW: Thank you, Sarah, and I also wanted to thank Michele and her team for putting together an excellent book, my colleagues here at CAP, who really did contribute to the ideas, as well as my colleagues around town, who really have thought hard about how do we think about executive actions in health care; and begin with caveats that might have been said before, but first, my chapter was written about six or eight months, which is a long time ago, before there was a real transition of power, real actors. It was written as my academic hat, thinking about these ideas, and has absolutely no standing in the real world. (Laughter.)

It was also written before we actually had a sense of the scope of the challenges we face now. Eight months ago, we couldn’t have imagined the type of economic crisis that we’re in right now and this does raise the urgency and the need to stabilize our health system, as well as to address these long run problems.

The Department of Health and Human Services, or HHS, is well positioned to help meet these challenges. Its budget comprises nearly a quarter of all federal outlays, second only to the Department of Defense in its size. It contains 11 agencies, 20 offices within the office of the secretary, 300 programs, and hires about 50,000 employees.

In addition to being dominant force in the executive branch, HHS funds a fair amount of our national whole spending. About 35 percent of our total $2.6 trillion is funded at the federal level, meaning that it’s a real player, when you think about our
health care system. So while Congress does set the parameters for most of HHS’ activities, the department has considerable ability to influence policy through regulatory actions, guidance, and oversight.

In our chapter, I focus on how the secretary of HHS, working with the incoming president, could address some of the health system’s most pressing problems. Here I highlight five of those options that address immediate short-term and long-term priorities.

First, the administration could lift constraints on coverage in the state Children’s Health Insurance program. Despite a growing number – growing uninsured population, the Bush administration implemented a number of executive branch policies that limit states’ abilities to expand Medicaid and SCHIP coverage. Most notably, there was guidance, called the August 17th Directive, that limited states’ ability to extend coverage and maintain coverage for middle income children. The new secretary could rescind this August 17th directive.

Second, the secretary working with the administration could strengthen consumer protections in Medicare’s private plans. The Bush administration made encouraging, greater private plan participation in public programs a priority. The law that authorized both changes in drug policy and Medicare advantage left many of the policies regarding consumer protections to the discretion of the agency.

The new secretary could direct the administrator of the centers for Medicare, Medicaid services to issue guidance, to clarify and prevent discrimination against people with illness, strengthen marketing guidelines, and ensure that there’s really truth in advertising.

Third, an incoming administration could promote information access and scientific integrity and data-driven policy. Increasingly, the United States’ global leadership is due less to national resources and manufacturing strength than our innovation and conversion to an information-based economy. This applies in the health sector. However, in numerous instances, the Bush administration has proved hostile to medical and health services data and research.

The incoming secretary could take a number of steps to reinvigorate HHS’ scientific integrity. One such step is clarifying data access and release policies to ensure patient privacy protected access to information, so that we can really get at issues like the racial disparities in our system.

A fourth potential action is to prioritize prevention. Preventable chronic diseases are this century’s epidemic. About 70 percent of deaths and 78 percent of costs are due to chronic illnesses, many of which are preventable.

The new secretary of health and human services could take immediate steps to make prevention a priority. He or she could create a new council or center or agency to signal its importance and try to concentrate the decision-making authority. We, here at
the Center for American Progress, have an idea called the Wellness Trust that could begin to be implemented through executive actions.

And fifth, you can imagine that the new secretary could try to prepare for some of our longer term challenges and one of those is creating a 21st century health care workforce. We certainly know we need to invest in health information technology or the hardware of the system, but we also need to focus on what’s called the software of the system, that is, people’s ability to deal with information, deal with the types of changes in our research, and really deliver care to a changing demographic.

The secretary could review existing programs that promote workforce development. He or she could look at our Medicare policies to try to direct them towards the type of workforce we need. We also can begin to look beyond our traditional health care workers, at community health workers, for example, to try to achieve the goals like full use of high-value preventive services.

This is a short list of the possible priorities that the next secretary could undertake. There’s many others, improving preparedness, advancing quality, shoring up the safety net. These all are different priorities that the next secretary could, and should, address. But I’ll just end by saying that the Department has both the capacity and the authority to advance the goals of an affordable, high quality, and accessible health care system. The opportunity is there for the next secretary’s taking. Thank you.

MS. WARTELL: Michael?

MR. MICHAEL BARR: Thank you very much, Sarah, and thank you to Michele and Mark, and the other people who have been involved in his organization, which is quite a mammoth task.

I was given the unenviable role of summarizing, commenting on, analyzing, and suggesting reform with respect to the financial and housing crisis that we’re currently in. And Mark generously gave me eight pages to do that in the book.

What I want to focus on today is a little bit of background on the current crisis, some suggestions for long-term strategies, and then a discussion of the current crisis and how we might get out of it.

As all of you are painfully aware, we are in the midst of a severe financial crisis on a global scale. There has been a vicious downward spiral, begun really with an asset implosion in the housing sector that spread to the commercial sector as well. That asset implosion cascaded through our financial system. There was contagion from healthy institutions – from weak institutions to healthy institutions. We’re in the midst of a significant credit freeze. We’ve seen dramatic and real harm to the real economy, and during the course of this crisis, to state the obvious, major financial institutions have failed, disappeared from the landscape, and the risk of global financial crisis remains significantly high.
What are the origins of this crisis? Excessive leverage in risk concentration that were permitted to occur because of lax regulation, lack of regulation, lack of prudential supervision, lack of transparency, lack of real capital requirements outside of federally insured depositories in the banking system that led to this enormous leveraging.

We saw dramatic increase in financial innovation during this period that had many advantages, financial innovation and securitization in the derivatives markets, in hedging markets, that significantly expanded the liquidity of our financial system.

At the same time, that financial innovation, because it was not accompanied by appropriate regulation, supervision, and capital requirements, drove and broadened a wedge between the incentives facing different players in our financial system – borrowers, lenders, rating agencies, investment banks, investors, securitizers, mortgage brokers. The incentives facing those institutions and individuals broadened significantly and as a result, serious conflicts of interests drove a leveraging in the system and an excessive risk concentration in the system that we’re living with today.

The lack of transparency and oversight that we experienced during this period, coupled with rising asset prices before the bubble burst, hid these conflicts of interests, leveraging and risk concentration for a good period of time. That is obviously no longer the case – no more.

So we need some fundamental changes in our financial system. Let me just highlight a few.

First, we need transparency, prudential supervision and real capital requirements applied thoughtfully across the financial sector, not simply to banks, not simply to broker-dealer affiliates of investment banks, not simply to subcomponents of financial conglomerates, but really thoughtful, prudential supervision, regulation, capital requirements transparency that reach across our financial sector.

Second, we need to fill what the late Federal Reserve Governor Ned Gramlich called the giant supervisory hole in the safety net, and by that, I mean supervision of non-bank interactions with customers, with real people in the real world. During this crisis, mortgage brokers and lenders were able to offer to sell to homeowners products that made no sense for them, that were designed to fail from the start. And that’s the reason that we had an asset bubble in housing and it’s the reason that we’d had a crash. We need to fill that hole.

Third, we need to understand that the market-based systems we had designed we thought were in place, the gatekeeper system we thought we had in place, the reputation system we thought we had in place to prevent this growing wedge in incentives facing different (participations?) in the system was an illusion, did not exist, did not function. And we need to have in place a regulatory system that ensures that those incentives are appropriately aligned.
Let me focus in particular on one area where we might align the incentives better in the mortgage origination process. And in this area, I think we have an enormous opportunity with the new administration to put in place a new approach to regulation of mortgages. For example, we could learn some of the lessons from behavioral economics and psychology about how human beings actually make decisions in the world and act in the world and we can use those lessons and apply them to the mortgage market. For example, what if we had in place an opt-out home mortgage system?

Here’s how it would work. You go to see your broker or your lender. You’re signed up for a 30-year fixed-rate mortgage with straightforward terms and clear underwriting, and that’s the mortgage you’d get, unless you opted out. We’d have a system to protect against problems with the opt-out, but our basic idea would be to give the opportunity for homeowners to have a mortgage that they can understand and afford.

We need to repair the broken trust in our financial system by having trusted advisors play the appropriate role. We don’t want mortgage brokers selling consumers loans in order to get the highest possible return through yield-spread premiums. We want to have a system in which the broker has a fiduciary duty to the borrower to act in their best interest.

So there are a handful of these ideas in the mortgage area. Let me just last say, we’re in the midst of this financial crisis. There are things we need to be doing now, while we’re planning for these long-term changes and let me just highlight two.

One is something that the administration can do right now. The administration has been quite slow – the current administration has been quite slow to act in helping troubled homeowners. And what we need to do is now turn our attention full bore to that problem. The FDIC, for example, has a plan to offer guarantees on restructured mortgage loans to servicers in exchange for servicers doing real loan modifications. I think that’s a promising approach using existing authorities. The administration could act now and implement that now and start helping homeowners now.

The second major change we need to put in place is a way to unlock mortgages that are held in securitization trusts. Most of the troubled mortgages today, most of the mortgages that are failing today, are held in privately structured securitization trusts. They’re stuck in there. They can’t be modified appropriately because of limitations in the servicing agreements.

Together with colleagues at CAP, we’ve come up with something called the Safe Loan Plan to unlock those securitization trusts through a change to the real estate mortgage investment conduit statute that would incentivize servicers to act in the interest of both their investors and troubled homeowners by restructuring mortgage loans. And I’m hopeful that Congress will take up that proposal in the nearest possible term.

So we’re in this crisis now. We need to take immediate steps to get out of it. We need to start putting in place these long-term plans for restructuring our mortgage system
and really, fundamentally rethinking our financial services regulation across the financial services landscape.

Thank you very much.

MS. WARTELL: Judy, please.

MS. JUDITH WINSTON: Yes, thank you very much, Sarah. I want to also thank the Center for American Progress, Mark Green, and Michele Jolin for both conceiving and producing this volume. And I’m delighted to be a part of the production and authoring this chapter on the Department of Education.

I start with the premise that notwithstanding the principles of federalism that often pit department proponents – Department of Education proponents against those opposed to federal involvement in education – beyond funding that is – the new president and the U.S. Department of Education, for the sake of the nation’s national security and economic prosperity, must occupy a central role in ensuring high quality, affordable, and accessible education to every child at every level of education.

As an initial matter, I urge the new president and the secretary of education to recruit a strong management team at the department, one that is committed to taking a very close look at the department’s organizational structure to determine if a more efficient and collaborative organization can be implemented quickly without detracting from the important substantive work ahead.

Eliminating excessive stovepiping, for example, limits the ability of many offices and divisions in the department to work together and reinforces a tendency of some programs to work in isolation, a situation that stymies innovation and effective program administration, which are crucial in times of severe economic stress that affects education, both at the local and state level and in private school settings.

The secretary should establish a few unified priority areas and establish cost-cutting policy and programmatic teams to advance those areas. I advocate the establishment, within the office of a single senior officer – the undersecretary for example – a requirement that that officer be charged with driving an integrated education reform agent covering policy and practices from pre-K through college.

The secretary should immediately begin to develop an open dialogue with critical stakeholders at all levels of government, social entrepreneurs and with business, education, civic and non-profit communities to develop and implement a consultative and collaborative framework for producing federal-state and public-private partnerships that will help to build consensus around an agenda of effective education reform initiatives.

The chapter also advocates that the president and secretary can, and should, make more effective use of the bully pulpit and seek more creative ways to leverage limited federal education funds to accomplish several critical objectives in the following areas:
the reauthorization of the Elementary and Secondary Education Act or the No Child Left Behind, as it is currently called, in order to strengthen its accountability provisions.

The new law should – the new reauthorization should provide for multiple and reliable measures of student progress, the enhancement of state and local capacity to use technology more effectively in order to collect and analyze student data more efficiently and effectively. That will permit the crafting of different and hopefully, more effective strategies for schools needing improvement, strategies that are based on effective data-driven decision-making.

Improvement of teacher quality is key, as is more equitable distribution of excellent teachers, especially in school serving poor children and children with the most significant educational needs.

The federal government and the department should support innovative programs and incentives designed to improve the overarching student-teacher experience in a quality management setting. This type of improvement, linking teaching to the improvement of the management setting in which classrooms are set, this type of improvement is essential if we expect teachers to perform to the best of their abilities.

Investments must be made in properly designed and executed pre-service teacher education programs and effective and sustained professional development opportunities for teachers and school leaders.

States and school districts should be encouraged to develop and adopt performance-based compensation systems and other incentives for rewarding high quality performance.

The secretary also should make much more effective and transparent use of the secretary’s waiver authority to stimulate innovation and research to improve teacher and learning. Federal law does permit the secretary to waive certain statutory and regulatory requirements to provide state and local governments with the flexibility they need to implement innovative practices and to meet the unique learning needs of some of their students.

The chapter, as I mentioned earlier, does advocate the expanded use of the secretary’s bully pulpit to drive, among other things, high school reform that requires real accountability for raising graduation rates and the implementation of meaningful educational growth requirements for all students, regardless of race, ethnicity, English language skills, or ability.

Finally, the president and the new secretary should make clear that the civil rights monitoring, compliance and enforcement authority of the department is still a critical responsibility of the federal government. During the last eight years, many have described the Office for Civil Rights as either missing in action, or pursuing a negative agenda that discourage legally permissible efforts to enhance racial and ethnic diversity in schools and colleges.
This chapter ends with a recommendation that the department pursue as a longer
term agenda the elimination of the disparities in school funding that currently exists
among states. The recommendation is based on the comprehensive study and analysis
developed by Professor Goodwin Liu at the University of California, Berkeley, who
argues that these disparities are less the result of the willingness of states to spend and
more a matter of capacity. He argues that only federal intervention will address this
barrier to equal educational opportunity in the least wealthy states, which also happen to
be the states with a large percentage of poor and minority children, who are most in need
of educational services.

The recommendations in the chapter, as a whole, are a huge challenge for any
administration to tackle, but it is especially so in this perilous economic times. However,
the quality of our nation's schools and equitable access to quality education are critical
cornerstones of our national security, our future economic prosperity, and our ability to
compete globally.

When placed in this context, I find it hard to accept that we cannot make the
commitments, and particularly the investments required. They certainly are not beyond
our means in the context that I’ve just addressed.

MS. WARTELL: Terrific, thank you very much. So let me just explain how
we’re going to proceed. I’m going to ask each of the panelists to answer just one
question, the same question about how they move forward, and then we’re going to invite
questions from the media about the book as whole.

And then when we've completed that, we’ll invite questions from the general
audience about the issues that are here – Jeanne had to leave – but about the broader
economic agenda as well. And then we will try to end this panel, so that we can keep
moving on in the scheduled time allowed. We have a long program of terrific people.
We want to show their work.

Let me just ask Michael and Judith, each of you talked about things that require
essentially, really fundamental changes, really huge reforms to systems that we think
we’re kind of at this sort of end of an era, and we need to redesign the areas that we’re
working on. Yet the capacity of a new administration to move in such overwhelming
reform ways simultaneously on so many different fronts is a very large challenge. No
one would suggest that they can afford not to proceed apace in each of these areas.

But it is also the case that your recommendations highlight what I call emblematic
ideas, pieces that they can move forward with that show the goals of where they’re trying
to accomplish, but that can perhaps be done quickly, not necessarily requiring large
comprehensive reform to make its way through Congress, but that shows people the
direction that the president intends to take the country.
And I’d ask if you could each see if you agree that a combination of working on the large redesign, in parallel with moving forward in smaller (bore?) reform makes sense, and if so, give one or two examples of that approach.

MR. BARR: Sure. I’d say given the complexity of the task at hand, the first thing the president should do is hire you and Michele to run the government for him because I’m sure it'll get done a lot faster.

In terms of initiatives that can be done now, I think that, one, we need to use all the existing authorities at Treasury’s disposal to help modify home mortgage loans. And there are enormous existing authorities, guarantee authorities, purchase authorities, modification authorities, authorities to pay servicers, authorities using the role of Fannie Mae and Freddie Mac, a portion of which was undertaken yesterday, but much more could be done using the GSEs and FHA. And so I think the first thing is a full-court press on helping troubled homeowners.

The second thing I’d highlight is regulatory reform of the mortgage market. The Federal Reserve has taken some initial steps in this area this year, after Chairman Greenspan for years and years denied that the fed had the authority to take any action. Chairman Bernanke, to his credit, stepped in and has started a process of mortgage reform. We have enormous additional authority that we can do there to help clean up the mortgage market. So I would highlight those two as areas where we can proceed immediately while we look to these broader reforms.

MS. WARTELL: Judith?

MS. WINSTON: Yes, it is a daunting prospect that we have before us. In the field of education, I think it’s important, first of all, to remember how many moving parts there are to trying to provide the kind of support that will increase student achievement, make excellent schools more accessible to students across the board, to make college more affordable and accessible.

I do think that they are, certainly in the elementary secondary area, some things that can be considered quite – could be considered and implemented. For example, I mentioned the use of the secretary’s waiver authority under the Elementary and Secondary Education Act, which provides the secretary with the opportunity to let states and school districts use existing resources to try some innovative ways to increase student achievement.

For example, one of the things that – might do is to permit school districts that believe that they can move students forward without having them engaged in what some consider the quite rigorous, and perhaps inflexible, accountability system of testing to – and to provide them with a waiver from that system in exchange for some innovations that then could, if successful, be used in other places and cut down both on expense and what some see as not the best way of judging how well students are doing.
Another area in which I think we could move education practice along in a way that affects results significantly is to begin to look at the education research opportunities across government, not only in the Department of Education, but there is research being funded by the National Science Foundation, by NASA, particularly in the STEM areas, to begin to have some interagency cooperation about how – what areas of research need to be supported, but more importantly, in my view, or as important, I suppose – is to try to figure out how to move this research into the field, rather than making an academic exercise, as unfortunately, it is in many circumstances, so that we really begin to get the benefit of new knowledge in the classroom to produce the kind of results that we think are important.

So those are just a couple of examples I can think of.

MS. WARTELL: (Off mike) – examples of how we can both do practical, specific things quickly and move ahead on this very broad reform agenda. And for our audience, I just want to say that if STEM is not a familiar term, Science, Technology, Engineering, and Math, also talked about a great deal about in the innovation chapter in the book.

All right. So I’ve been given new instructions. My new instructions, I think we’re going to actually start – focus a couple of questions from the audience on the economic program laid out in the book, and then we will turn to the larger questions about the book and its meaning. And that will be a nice segue because Mark will be chairing the next panel.

So I would ask that anyone who has a question to raise your hand, and then if you would identify your name and any organization that you work with and wait for the mike to arrive. First, the woman with the collar and then the gentleman behind her. Can you stand up?

Q: I’m Olivia Golden. I want to also say thank you to the CAP group because I’m one of the co-authors with Joan Lombardi, who I’m not sure is here, of one of the web-only chapter on the other HHS, on HHS’ role and the economic program in early childhood. I’m currently at the Urban Institute.

And I guess I had a question for Jeanne, who’s not there, but also the other panelists, because a couple of the themes that struck us in our look at the workforce, economic security, family piece of HHS and the early childhood piece also I think came up in your comments. And those were a couple of themes about what’s gone wrong and therefore, what are early strategies?

One is that the relationship with the states in many – which are crucial to moving in health and economic security and education, we identified a number of early steps to making that better, but we also noted that the crisis in state budgets makes that difficult. And we identified that as an early priority, as an area where there needs to be movement.
Second, on the research front, which I think Judith just mentioned, we were struck that there is a lot of research available now, which was done and buried in the last eight years, and then part of a new relationship with an active, positive agenda is to bring it out. A big example on the early childhood side is research about Head Start and Early Head Start that shows successful outcomes and the ways you get to those outcomes that could now be shared to move the early childhood agenda.

So I’m curious about those two themes and whether they also come up across the economic security agenda.

MS. WARTELL: (Off mike) – then invite other comments.

I think you’ll find that both of those come up in any number of places, and let me just mention – emphasize the point you made about the condition of state governments. The new president desperately needs our states as partners. In many cases, we’re seeing innovations coming out of the states, that we have great opportunity to expand upon, but that can’t continue to happen if what we’re seeing happening to our states fiscally continues.

One of the priorities that the book was written before this became as pressing as it’s today, but that our organization is very focused on, is as part of an economic stimulus and recovery package, having a little greater federal support for the state governments, so that the consequences of their retrenchment – remember, they’re required – they can’t borrow now for later – the consequences of their retrenchment don’t cause us to further spiral economically.

And one of the key areas there is health care and making sure that they don’t feel compelled to pull back on the level of coverage that they have, and then ironically, during the early part of a new president’s administration, we go backwards, which is – certainly what we’re at risk of for the economy.

I also want to mention your point about using information technology and using research, and in education, we call it data-driven government. It is so much the case that we need to restore America’s confidence in the government that we have. I – after a 30-year program by conservatives to convince the public that government was the problem, not the solution, to so many issues, the Bush administration seemed to prove the point with more exclamation than you could have imagined.

And so, while there may have been rejection of a conservative governing agenda, I don’t think there’s been a broad transformation in the public’s attitudes about the government that – I think their goals and objectives, they want to see served, but they’re really not sure how to get it done.

And so we need to be willing to look hard and long at priorities shared by progressives and conservatives and make choices, first of all, that our priorities are the things that will matter most in getting us moving again and getting us moving in the long term, whether or not there are incumbent interests that support these programs and
priorities; and second of all, that we’re willing to put on the table things that are nice, well intended, maybe even may do some good, but don’t do as much good as other things that we could be using our resources for. And the research that you talked about, just as in cost-effective health care that Jeanne talked about, and Judy mentioned as well, central themes that you see coming out of the book.

MS. WINSTON: I want to first of all – I want to thank Olivia for raising those issues and if I had not been so intimidated by Sarah’s passing me, you’re out of time, I would have included in my remarks the fact that the chapter does urge the new administration to strengthen our commitment for universal early childhood education as a means of ensuring the greatest return on investment.

And I think we do need to consider those opportunities, if missed, can never be recovered and so there is lots of research. Olivia’s most knowledgeable about this, about what it means to have early childhood learning occurring even before the age of three. And if we miss the opportunity, those kids, those children, really will not be making the same kind of progress that they could without it. So I think it’s very important to think of priorities in that way, return on investment and the ability to recover the opportunities.

MS. WARTELL: Suzy (sp), a gentleman had his hand up in the back. Thank you.

Q: Hi, I’m Terry Vasilec (sp). I’m with Freddie Mac. I’m intrigued by Michael’s idea to put – apply the lessons of behavioral economics to use and kind of steer people towards clear, safe, transparent 30-year fixed mortgages in the absence of opt-out. As you know, that requires a vibrant secondary market. And around the world, research has shown that that typically doesn’t make 30-year fixed mortgages of the U.S. style broadly available to consumers in the absence of government involvement, which in this country, has taken the form of the GSEs. I wonder what role your proposal envisions for something like the GSEs.

MR. BARR: Terry, that’s a great question and comment. I think that you’re right that the empirical evidence internationally suggests that it’s quite difficult for financial systems to generate a 30-year fixed-rate mortgage. It’s certainly difficult to do at reasonable loan to value ratios. It’s hard to do without introducing prepayment penalties. It’s hard to do with a broad access. And so – and it’s hard to do in a financial crisis. It’s hard to do in regional economic downturns.

There are a number of reasons why having such a system is quite fragile, and that’s one of the reason why I think, as we’re thinking about what to do with Fannie Mae, Freddie Mac, the Federal Home Loan Banks system, FHA, and our set of financial services reforms, we ought to have a set of principles that guide our choices among the options of that, how to structure those institutions going forward.

And to me, at least, the important principle is that we have broad access, that we have access to a product like the 30-year fixed-rate, no prepayment, reasonable LTV mortgage, that we have a system that is robust in financial crises and that we have a
system that’s robust in regional economic downturns. And so for me, those would be the
guiding principles in deciding among the tradeoff in structures that you described.

MS. WARTELL: The two questions we just had, in many ways, suggest the kind
of richness that this book provides obviously, rather different fields of enquiry, a rather
different audience in some ways. There are many layers of both program specific and
details here, but what I think unites them is what we talked about at the beginning.

In many ways, both the education agenda that Judith laid out, and the reforms to
the housing finance system, are about restoring the American dream, making it possible
for families to get ahead, for people to have better futures for their children. And so
while I hope this is to be well mined by the people moving into the administration in the
economic program of the new administration – and I look forward to watching that here
from my post at CAP – I also believe that the larger objectives that we laid out, in
essence, are woven through these very detailed technical chapters.

So what I think we’re going to do is invite Mark and Michele to come up. We’ll
stay here just to make the transition easy. And we’re going to invite any other questions
that either the media have, or then the public, about the book as a whole and the book
project. And again, please wait for the microphone to come to you. Do we have any
questions about the book?

MS. JOLIN ?: There's no questions, so save time for our –

MS. WARTELL: Exactly. I’d be more than happy to move on to other – it’s
coming right to you.

Q: Hi, this is Sam Stein with the Huffington Post. Just a very basic, broad
question is how much or how frequently do you think the Obama campaign, the Obama
transition team, is going to use this book? Are you going to get it to their attention?
Have you had any collaboration with them on this, besides Podesta before he recused
himself obviously?

MS. JOLIN: Yes, I’ll answer that question. We have not shared this with any
campaign, neither campaign, neither the McCain campaign or the Obama campaign. The
project started a year ago, focused on providing advice and ideas to whoever won. We
shared some early drafts as a seed for institution to the Obama transition, and we will
certainly make it available – now, the final version – now that we have a final version.
It’s published first today, but we look forward to sharing it. And again, we’re excited
about the opportunity to be able to have all of these broad, rich set of ideas across many
different areas that we can help inform and guide the transition.

MR. GREEN: We had the idea that when you pool experts, like on the other
panel and the other three, into one-stop shopping volume, it would have two enormous
benefits. In the short term, as – same as Sam and Michele commented on, it would give
ideas to a transition to a new president of what they could do when the president-elect
becomes president.
The second goal, however, over time, is to establish benchmarks of reform in the first day, so-called 100 days — a little anachronistic, but we all use it — first term, first year and then first term. And so a transition is not simply — it certainly is 77 days until January 20th, but these thousands of hours into one volume, the benefit of it doesn’t stop at noon on January 20th because then the agencies, Congress, the media, the public will be saying in terms of bad mortgages or bad schools, so what have they done? So these are ideas for the transition and benchmarks for the future.

Now, this is the formal release, so we’re happy to send it to any president-elect in America — (laughter) — and his or her transition team that is interested in reading it.

Q: Hi, I’m Nate Loewentheil from the Roosevelt Institution. There’s a debate right now between people who think that the president should act very quickly and do as much stuff as humanly possible and put forward an incredibly bold agenda and they pull from kind of one historical example. And then other people are saying, no, it needs to be a little more incremental. Take it a little bit slower. Don’t put a huge amount of pressure on the 100-days period and they pull from other historical examples.

So I’m wondering, as people who worked so hard on this project, how bold an agenda and how quickly should the president-elect try to act when he gets into office? And beyond economic stimulus, what is — what should be the first priority between all the competing ideas you’ve put forward?

MR. GREEN: Well, no one of us can speak for all of us. Unlike a transition team, where one guy can, and will, speak for the whole entity, we are individuals who’ve come together for this use of the transition and then for benchmarks.

Now, speaking for myself, I do think there’s a new mainstream in America. I saw Newsweek had a cover article about three weeks about, “President-Elect Obama, Welcome to Conservative America.” I believe this is a stale left-right analysis that has been undone by what happened November 4th.

I don’t know an issue on choice of the environment, economic financial regulation where the public has become more conservative in the last few years. And if George W. Bush didn’t win a majority of the vote in 2000 and felt he had a strong mandate, and then George W. Bush won by under three million votes in 2004. He felt he had a strong mandate and had political capital he would spend. I think statistically and historically, Barack Obama with, a nearly eight million vote margin, will have a mandate for change that only he can figure out tactically whether he moves early and strong for a few things or for more of a laundry list of things.

Progressive don’t go through life listless, so we have all these lists and I understand that, but what we tried to do is the equivalent of what conservatives have done. They have successfully run and governed on less taxes, less government. That’s pretty succinct. Progressives are more wordy, and so we can’t get it down to four words, but we came close, which is democracy, diplomacy, economic opportunity, and a greener
world. And those four themes, or values, actually can be integrated into, as the next panel will discuss, a new democracy.

And so if Ronald Reagan talked about and ran on and governed according to freedom, which is his bellwether word that everything related to in his view, a new president could do well to talk about democracy as an umbrella for all the issues from schools to economic opportunity and growth and all the panels.

MS. WARTELL: And if I could just make one quick point. I’m sorry, Michele.

MS. JOLIN: Yes, I just wanted to say one thing, which is the president obviously, is going to have an overarching agenda, but each individual agency is able to take steps. Each secretary or head of an agency will be able to do things the first day in office, the first 100 days. Our book, in each of the chapters, suggests some of those things that agencies can do. It will start changing the government and moving in into a progressive direction.

MS. WARTELL: The only thing that I wanted to add is that I think there’s a little bit of a false choice in this media discussion right now. Somehow or other, the president has to govern from the center or—and go slow, or he has to be bold and have change. I think the American public was crystal clear. This was an election about issues, not just a rejection of particular candidates.

There was a discussion about the energy transformation; there was a discussion about our health care; there was a discussion about economic opportunity and a discussion about our role in the world and ending wars. And there is no doubt that the American people want to see bold action in those areas.

That doesn’t mean that you’re not pragmatic and you don’t sit down and you don’t work with everyone to make those solutions. That doesn’t mean that you have to operate the way the Bush administration operated with its so-called mandate, it which it said, our way or no way and we’re not willing to talk to anybody else who doesn’t agree.

So I think that this discussion needs to be had about what we’re trying to achieve, no holding back, and how we do it, which is bringing people together and work around pragmatic specific solutions, which we hope we’ve contributed here.

Q: Hi, thanks a lot. I’m (Dia Lapoti?) with—(inaudible). My question, I guess, has to do with fanatics. I know that there are some unknowns. The financial crisis happened in September. I know that you were, Mark, reading pages through mid-October. To what extent have you tried to sort of deal with this question of not having the money to spend, not having enough space in your budget, right? I know this is becoming a rather persistent theme. And how has your book, in an overarching sense, tried to make a case that this is an imperative, whatever strategies that you’ve put forward, and to sort of cut back against the new presumption that there might not be space or time or cash ready for any of this?
MR. GREEN: Three points – first, as Judith indicated, most of the chapters were developed over the last year and completed this fall before September 15th when the credit and economic crisis really hit full gale force. And because there’s no one OMB or one president-elect overseeing all this, it’d be presumptuous for anyone of us to say, oh, chapter four is you have to spend X dollars rather than chapter 16.

Having said that, there is an enormous (Caynesian?) consensus that this government will have to spend money in the short term for what is called an economic stimulus or economic investment, although parties and philosophies may disagree exactly how to do it. And so there will be more spending, both to encourage consumer demand to get the economy going again.

And finally, the question before about how fast to move and liberal or conservative, this is not a static situation. Something happened November 4th. And if you look at ’06 and ’08, there’s been a provable shift and a president is a teacher-in-chief, not just a commander-in-chief. And so when a president talks about taxes and terrorism, the public learns lessons and responds. And if a new teacher-in-chief says, what’s liberal or conservative about more insurance for children, ending torture, not invading countries on the wrong premises, more transparency, those are not left, right, Democrat, Republican issues necessarily.

So the question, in my view, is there's a transition between presidencies – is there a transition between errors? And there is the potential for that.

MS. JOLIN: I think we’re going to end the program here now. I’ll just mention that at one o’clock today, there’ll be a program that’ll also be broadcasted on C-Span that CAP’s putting up on about some of those questions as well. Maria? The panelists for the Democracy Panel, please come up and join Mark. Thank you very much.

(Break.)

MR. GREEN: Our second panel is on more democracy, and while issues involving war and the economy almost invariably trump other voter concerns – as it certainly did in 2008, I think it’s fair to say – the process of democracy has to be a bedrock concern because process is policy. And if the deck is stacked against people who breathe polluted air or are subject to oligopolistic pricing or who spend too much money on Pentagon weapon systems that don’t work, because contractors and polluters have a bigger say and sway in congressional committees, that’s a problem.

And if there is a democracy audit in America today, there are some huge liabilities after extraordinary progress over 217 or 18 years, from slavery to an African American president, from widespread secrecy to a Freedom of Information Act, from workplace democracy, there have been a lot of debits in the last decade in terms of lawlessness, secrecy.
Apparently – and so one way out of that is to make sure that even though people may vote far more for their pocketbook than a pristine democracy, it’s essential before all the reforms are attempted or enacted, to fix the mechanism.

To quote a guy named Michael Waldman in his book, *A Return to Common Sense*, “If we want to solve our problems, we have to fix our systems.”

So again, if Reagan, in his mind, spoke eloquently about freedom as a clothesline he could hang all other issues onto, a president-elect in 2009 could well speak about democracy as a grand red, white and blue premise.

With that, let me introduce in order our panelists, thank them for their great literary contributions and oral to come. I know Maria is time-bound, so we’ll turn to her first, but let me introduce all in order, then have them speak, and then I’ll try to field any questions.

Maria Echaveste was former assistant deputy chief of staff to President Bill Clinton, is a lecturer in residence at UC Berkeley’s School of Law, Boalt Hall. She’s a senior fellow at the Center for American Progress Action Fund.

Second, Dawn Johnsen, for acting assistant attorney general for the Office of Legal Counsel, was legal director at NARAL and is a professor at the Indiana University School of Law in Bloomington.

Mike Waldman, who cut his teeth at the Democracy Project 20 years ago, is a former assistant to the president, President Clinton, and director of speechwriting for him, is the author of several books, including *My Fellow Americans* and, as mentioned, *A Return to Common Sense*. He’s executive director of the Brennan Center for Justice at the NYU School of Law.

So Maria, Dawn, and Michael, if you could each take up to 5 minutes and when you have 30 seconds left, I’ll bark out the time.

MS. MARIA ECHAVESTE: Okay. That would be great and thank you, Mark, and I want to thank the Center for American Progress for giving us an opportunity to write a chapter. Christopher Edley and I – for those who don’t know, my husband and I – wrote the chapter, an overview chapter, on America’s changing demographics.

And what I want to share with you is really something that probably should be pretty apparent from the election, but may need to be remaining to remind people over and over again, is that the American experiment is one that is constantly reinventing itself. And there’s a framework of deeply held beliefs that value freedom and – but also a social compass that has at its core this view of opportunity for all.

And if you look at our American history, with pits and valleys, and so what we tried to do in our chapter is really pose – to make the case that this experiment faces a highly significant challenge that comes from the fact that our demography is changing,
and the fact of an essentially an aging white majority supported by a growing racially and ethnically diverse younger workforce.

And the question that faces the next president, and also our country as a whole, is whether that workforce will have the education skills and social safety net required to generate the human capital that America must have to compete successfully in the global economy; that in this increasingly interconnected world of ours, a country has only two things: its natural resources and its people. Everything else, as we’ve seen from the financial crisis, is mobile.

And so this issue of human capital is particularly critical at this time with the growing aging of America, the growing Latino population, the increase of immigration, also coming at a time where it interconnects with a political ideology of anti-tax, anti-government trends of the last three decades. And the so the question – unfortunately, our brief conclusion is perhaps we will fail in not making the investments, partly because we have a continuing disability – though the election on November 4th may suggest that perhaps we’ve made some progress – that our continuing disability that stems from color lines and obsession with the other could prevent our country from making the investments it needs to make.

And we use as our example the State of California, a state that I’m particularly familiar with, having grown there, but it is a state with a vibrant economy, the sixth largest in the world. It also is a majority minority state. It is a state that is multilingual, multiracial, with a significant immigrant population. Yet in the face of this economic strength and diversity, California struggles now with a badly decaying infrastructure, transportation and otherwise, a declining education system, an over-taxed health care system, an increased inequality with both great wealth and great poverty.

Many have said that where goes California, goes the country. And for this reason, we focused on looking at the impact of age, the growing Latino population, the importance of immigration, and what the policy implications were for the next president. You heard Judy Winston on education, but the policy implications go to the health care system, to our preparedness for the world economy, our – the retirement of increasing minorities who perhaps haven’t had a health care system that prepared them so that they could actually be healthy in their old age.

All the trends are bad. I hate to put it so bluntly, but it calls out for – ask the next president and his administration to consider diversity in all of its ways, so that policies get made, understanding that we are a diverse country and that what oftentimes happens in policymaking is sort of thinking about one group and kind of making policy for that group, as opposed to all of us.

What I take away from this election is that no longer will a president – indeed, I would urge any member of Congress or senator or governor, or anyone else, to think carefully that no longer will anyone be elected by appealing to only a part of American population, that in fact, that candidate, and our president-elect, I believe was successful in appealing to a broad swath of people because that is who America is.
So I have gotten the high sign and as I said, I do have other time commitments and can only stay a few minutes, but it really –

MR. GREEN: Take a little bit more time because you have to leave.

MS. ECHAVESTE: Okay. It really is – the twin concerns that we have, both the optimism that election presents – of President-elecat Obama, but also the glass half-empty that shows that, at least based on California’s example, the way forward is not assured at all. And given what the next president is facing, the stakes for this country couldn’t be greater.

Let me stop there. I’d love to answer some questions, but I know we’ve got to hear the panel.

MR. GREEN: You have to leave, Maria, right now?

MS. ECHAVESTE: I have to leave like in 10 minutes.

MR. GREEN: Let me give Mike Waldman one minute more for his remarks and then – (laughter) – and then yield some of his time over to Maria. And so out of order, does anyone have a question in particular to our first speaker about demography is destiny and democracy?

MS. ECHAVESTE: Back there.

Q: (Off mike) – so many blacks, so many whites, so many Hispanics –

MS. ECHAVESTE: So Mark has asked the question of whether the focus on diversity should be looked at in terms of what does the administration look like and is that a way to – what I heard – begin to respond to the problem?

I think that’s only one of the approaches and indeed, what was startling or interesting about the way this campaign was – I’m not speaking to the campaign, but the fact that it wasn’t constituency politics as usual, that it really was about messages that resonated across, suggests to me that certainly, diversity in an administration is important because the best businesses tell you that diverse voices around the table give you better decisions.

But what we’re trying to do in this chapter is to go deeper, that it isn’t just sort of tacit, okay, so we’re more diverse. No, actually being more diverse is going to require us to think very carefully. For example, tax policy at the state-local level – seems like older white people tend to vote and they’re not really in favor of taxing themselves because those children aren’t their children. They don’t even look like their children and sometimes they don’t even speak the same language. If we continue in the kind of boxing ourselves by categories, we will, in fact, not succeed in this century.
MR. GREEN: Yes, ma’am by the camera.

Q: Hi, I’m Adele Stamm with the Media Consortium and I was riveted by your opening sentence really about the aging white population supported by a younger and diverse population. What kind of tensions do you foresee emerging in our politics because of that dynamic?

MS. ECHAVESTE: Well, I think those tensions are going to play out in terms of – like look at the federal level, the entitlement programs, Medicare, social security, versus investments in education, universal health care, that benefits a younger population. You could see that and given the shrinking federal budget, it may come sooner than later. And it’s getting people to think that this – to think in blocks of people and not see the community, the American community. And again, because of our history, we’ve not always done a really good job of seeing people who are different from us as being part of the American community.

I’ll stop there.

MR. GREEN: Last question for Maria. Yes, sir?

Q: Hi, my name is Martin Klimt (ph) from the German weekly Die Zeit. I have a question. What – is California a role model and what can we learn from California?

MS. ECHAVESTE: Well, I wouldn’t call it a role model, a positive role model, but I do look at it as – it is a large – it deserves to be its own country and I’m sure sometimes, it wishes it were, but it does have within its own borders rural, urban, Latino, African American, Asian, long-term, new-term residents.

And so if you start to parse sort of what’s happened in the state, you – it’s the home of Proposition 13, no tax, keep property taxes low. It’s the home of Three Strikes You’re Out, right next to New York, a criminal justice system that is about throwing people in jail and leaving them there. In my mind, what we have in the State of California, since I live there now, is – sort of the prison system’s kind of our alternative welfare system. That’s where you go to get your teeth done and mental health issues.

Now, is that the America we want? I would say, no.

MR. GREEN: Thank you so much, Maria – best to Chris. As you’re exiting, the other Mark asked a question about diversity, and Maria’s point that diversity is substance was borne out by the following true example. After Time Magazine, a few years ago, ran a cover of OJ Simpson with a – darkened his face in a menacing way, there was a lot of objection. An editor later said, it’s the last time we’ll make an editorial cover decision without a person of color in the room. Diversity affects content.

Dawn and Michael, please.
MS. DAWN JOHNSEN: Me first, okay. Thank you for including me. President Obama and his next attorney general will take office under clearly, the most challenging of circumstances. Among them, the Department of Justice’s own transgressions have undermined its ability to fulfill its many difficult responsibilities and it’s at a time when we face – our nation faces extraordinary threats and challenges.

So a few quick examples – I know we should be forward looking, but a few quick examples will help illustrate the needed solutions, particularly on matters of national security. A dangerous view of presidential power has infected the Department of Justice, including the content of the Office of Legal Counsel’s legal opinions.

Think, for example, torture and cruel treatment. In recent investigations, the inspector general and the Office of Professional Responsibility uncovered pervasive improper consideration of partisan political affiliations in career hiring and the appointment of immigration judges. Many long-term valuable career attorneys have left the department, after being excluded from areas within their areas of expertise from important decision-making in those areas. The still unresolved U.S. attorney controversy continues to tarnish the Department of Justice’s reputation for impartial law enforcement.

And a final example, which I think is probably the most serious, the current administration’s excessive secrecy is corrosive of democracy.

So what should be done? The overarching top priority for the next Department of Justice should be – and this is the title of my chapter in this book – the restoration of integrity and the rule of law. So for my remaining just three minutes, I’m going to very quickly try to give you eight specific recommendations from my chapter.

One, in any new administration, there is an understandable desire and strong need to be forward-looking, but the attorney general also has an obligation to investigate serious allegations of serious wrong-doing, and that’s both to create a public record and also to uncover lessons for the future.

Two, quickly appoint individuals of the highest integrity to DOJ leadership, individuals that are, of course, supportive of the president’s policy objectives, but also individuals who can be counted on to tell the president no when the rule of law demands that.

Three, restore especially the Office of Legal Counsel’s integrity. OLC, where I worked, issues legal opinions that are binding on the executive branch, unless reversed by the president or attorney general, which doesn’t happen virtually ever, and so it is essential that OLC’s legal opinions again become trusted as accurate and principled and not end-driven.

Four, the president himself must personally set the tone by publicly demanding adherence to the rule of law and legal interpretations that are accurate and principled, and also generally demanding that the Department of Justice be depoliticized.
Five, DOJ should immediately implement this changed direction in its counter-terrorism work, working with other agencies, including with regard to Guantanamo, military commissions, secrets sites, black sites, extraordinary renditions, torture, and cruel treatment, the whole range of counter-terrorism issues.

Six, the next administration should respect the role of Congress and the separation of powers. So the president needs to work with Congress if he finds statutory provisions to be problematic, not simply announce an extreme view of presidential authority that allows him to ignore and violate those statutes and certainly not in secret.

Seven, the new administration should make clear its commitment to openness and accountability in very concrete ways. And I don’t have time to list them now, but my chapter does detail a range of specific suggestions, including regarding (four-year?) classification systems, executive privilege, signing statements, the release of OLC opinions.

Finally – last, but not least – the substantive work of the Department of Justice certainly must promote the president’s substantive policy objectives. I’ll just highlight two from my chapter. One, essential to reinvigorate civil rights enforcement, and final point on the policy agenda, long-term agenda, we need comprehensive criminal justice reform, an effort that includes addressing our appallingly and unnecessarily high rate of incarceration and we need a more just and humane criminal justice system that better protects our people. Thank you.

MR. GREEN: Thank you, Dawn. Michael?

MR. MICHAEL WALDMAN: Thank you, Mark. And it is true that I did get my start at the New Democracy Project nearly two decades ago, but back then, it was just called the Democracy Project, which makes it, I suppose, the Old Democracy Project.

The premise of our chapter is that renewing democracy, even in the face of other immediate pressing policy concerns, must be a central goal and an overarching theory of the administration, and we do believe that there is an opportunity, a rare opportunity for this to happen in a way that catalyzes more change and creates more democracy. These kinds of reforms are the reforms that create other reforms and create the possibility for even greater change.

Now, going into 2008, the problems with American democracy were plain. They were longstanding – low voter participation rates, a campaign finance system that was alternatively corrupt and absurd. Those were evident going into 2008. What has happened during 2008, as we all know, is that in many respects, the citizenry itself began the process of restoring the democracy. We saw it with a spike in participation, a surge in voting, and an explosion in contributions in small dollar amounts through the internet that have begun to change and re-liven and reinvigorate American democracy and that had helped create the political moment we now find ourselves in.
And the mission must be to turn this aspiration into an agenda to tap this momentum, so that it doesn’t dissipate and so that it becomes a way to substantially and permanently enlarge the ranks of those who participate and the voices that are heard in policymaking.

Let me just mention a few key areas that we talk about in this chapter. First and foremost, voting, the heart of democracy – our voter registration system itself was designed 100 years ago to keep former slaves and European immigrants from voting. Former presidents Ford and Carter looked at it and concluded that one of the main reasons we have had in the past such low voter turnout rates is we have one of the world’s worst voter registration systems.

This chapter talks about a solution that would transform the way we register voters in this country, universal voter registration. It’s what other democracies do. It’s how they do it in Canada; it’s how they do it in England. Basically, the government keeps the list. Everybody who’s eligible is on the list. They’re on the list permanently. Any problems with private registration vanish. And that alone, if implemented in this country, would add up to 50 million to the voter roles permanently, substantially widening the ranks of those who participate in our democracy.

We’re very excited that there’s tremendous interest in this in Congress. There will be high-profile legislation introduced and it can make a very big difference in the life of our democracy.

There are other, obviously other issues, when it comes to voting. The chapter talks about them. Among these are, as Mark mentioned, the deceptive practices legislation, which would ban the kind of racist intimidation of voters. We strongly encourage the new administration to support the Obama Emanuel Bill, as it was introduced. (Laughter.) We’re hopeful that they will.

The second big area, of course, is campaign finance reform, a longstanding problem in American politics. This is a system where people running for office continue to spend often most of their time raising money. It is plainly also a system that, both because of what’s happened in the real world and what has happened in the Supreme Court, the system has broken down.

We do support public financing for congressional races as the best way not to clean up and purify politics, but to boost the power of ordinary citizens, but it’s important that it not merely be seen as kind of your grandfather’s or grandmother’s public financing. There is an opportunity here to use public financing to boost the power of small donors and mass participation that we saw in this election, making sure that whatever proposals there are include matching funds for small contributions, so that the real revolution in campaign finance spreads to Congress and changes the system.

There are numerous other proposals that we talk about in this chapter, ranging from restoring checks and balances and restoring proper curbs on presidential power, using the power of the bully pulpit to encourage democracy in other realms in
competition, whether it’s in redistricting reform or national popular vote to bypass the Electoral College. But one structural thing that we do encourage, that Mark mentioned, is there is no department of democracy. There’s no cabinet office of democracy.

These issues often can get lost, and so we encourage that there be someone tapped, an office of democracy, whether a standalone office or an existing office within the White House, whether it’s the Domestic Policy Counsel or the White House Counsel, somebody be charged with making sure this is part of their job, helping to catalyze the changes in democracy.

Why would this be a good strategy for a new administration? Well, if we don’t see this happen, the forces of special interest stasis that have frustrated change in so many other administrations will return and will potentially render this moment of excitement and optimism a bittersweet memory.

On the other hand, if we do see these kinds of changes, then this administration will be remembered as many administrations, successful administrations, have been before, as widening the circle of participation, building power, bringing excluded communities into the political mainstream, not just as an artifact of a campaign, but as a new permanent reality in American politics.

MR. GREEN: Thank you. Thank you. I have two quick questions, Dawn. During the past campaign, I read that John McCain had said, should he be president, he would eliminate signing statements; that where he would sign a bill, but then say he wouldn’t enforce part of it. Senator Obama said he would use it occasionally, but not as frequently as President Bush. What advice would you give to the next president on signing statements?

MS. JOHNSEN: I think President-elect Obama got it exactly right, not surprisingly. Signing statements have been a fact of our government for a very long time and what’s new is the abuse and that’s what we need to end. Signing statements are a very useful vehicle for the president to communicate with the public. So it’s kind of ironic that when we have a government of intense secrecy – we had candidate McCain saying he would not issue signing statements. That is an important way to say how the president interprets a law and how he intends to implement it.

The problem was President Bush would sign these laws and in many, many cases, in vague and ambiguous language, so you didn’t even know exactly what he was saying. He would indicate he might not enforce certain parts because they were inconsistent with his own view of his own expansive authority under the Constitution and so what was wrong was his view of his own authority. And that is what, I think, President-elect Obama needs to make clear, needs to, I think, repudiate that view of presidential authority and set forth a balanced, yet appropriately strong view.

MR. GREEN: One second. So if he gets a law that he thinks is four parts great and one part – as a former constitutional law professor – suspect, or in his view,
unconstitutional, then you would – so what’s the difference between abuse and constitutional sophistication – the quality of the president’s judgment?

MS. JOHNSEN: Right. I’ve written many, many, many pages about this and it’s unfortunately, a complicated –

MR. GREEN: Not a sound-bite answer.

MS. JOHNSEN: It’s not a sound-bite answer. It really is not and I would say quickly, a standalone unconstitutional provision sent to the president, he has an obligation to veto that, no question. The problem is when Congress enacts an omnibus appropriations bill with hundreds of provisions, among which there’s, say, one small clear constitutional violation that the Supreme Court – to take the most extreme example – has already said is unconstitutional – no question it’s unconstitutional – the president needs this bill. He might veto it once. They pass it again,

So in that situation, when I was at OLC, and every prior attorney general that's addressed this has said, the president need not veto that entire bill. He cannot comply with that one clearly unconstitutional statute, but it must be clearly an unconstitutional provision and not based on some made-up extreme views on authority.

MR. GREEN: I would never put down an author in a panel. So your sound-bite answer is, we’ll know it when we see it. It’s a Potter Stewart thing. It’s also the quality of the judgment, which you can –

MS. JOHNSEN: I wouldn’t say that. Yes, I know when I see it is not a – it’s not something – everyone who aspired to certainly, that standard did not work. Sometimes the issue is clear.

There are – sometimes unfortunately, Congress does enact clearly unconstitutional provisions, like – and this is getting technical – but a Chadha violation. The Supreme Court decided a case named Chadha, in which they said, X is unconstitutional. Congress still keeps putting Chadha violations in these omnibus bills and presidents need not enforce them because it is clear to everybody that that provision is unconstitutional. It’s not only the president’s personal desire to expand his own power. So I think it’s not an “I know when I see it.” I think some things are clearly unconstitutional.

MR. GREEN: Sure. Michael, do you think that the way Senator Obama raised hundreds of millions, about half of which in small donations via the internet and other inexpensive communication vehicles, does that undermines arguments going forward for congressional campaign finance reform because we’re in a new era?

MR. WALDMAN: Well, first of all, I don’t blame, and did not criticize Senator Obama, for opting out of the presidential public financing system, which itself, is one of the things that needs fixing. The dollar amount of presidential public financing is simply too low to run a competitive campaign at this point. And it was set when the law was
originally passed at two-thirds the amount spent by the McGovern campaign, which was, for all its virtues, the most unsuccessful campaign in American history. (Laughter.)

So that is – the fact of opting out doesn’t trouble me. It does suggest that we need to find ways to spread this very positive development of the small donor revolution which was, among other things, made easier by the internet to Congress.

The fact of the matter is for all the changes that we saw in presidential campaign financing, congressional campaign financing is basically the same as it has ever been. The small donor revolution is just a rumor on Capitol Hill. Members of Congress don’t have very often the donor base, or the ability to raise these small contributions. And so the advantage of a system with public financing and matching funds is it incentivizes politicians to go to the small donors.

In New York City, where the Brennan Center is, there is a multiple matching fund system and it forces candidates, if they want to raise money, to go do grassroots organizing in people’s living rooms and backyards, both as campaigning and as fundraising. You can’t ever take money out of politics, but you can change the incentives, so that it boosts participation and broadens whose voices are heard.

MR. GREEN: Time has elapsed, but let’s – if you have a quick question, we’ll try to get a quick answer before the next panel on diplomacy and security. Yes, sir, on the aisle.

Q: I’m Adam Taylor with Sojourners. I was hoping you could comment a little bit more about lobbying reform in the context of a new administration. Certainly, in the elections, we get a lot of bluster and a lot of rhetoric about opposing special interests and changing the way Washington works and that ties into campaign finance reform. That also ties into the process of government and often lack of enforcement and lobbying reforms. So if you can comment what are the opportunities, what are the prospects, and where do you see some of the dangers?

MR. WALDMAN: I would say that the good news is that in the past two years, Congress has passed significant lobbying reform that did tighten up most of the existing loopholes and dealt with things like the K Street Project, which were so highly abusive.

To me, the most significant lobbying reform is campaign finance reform. In other words, it’s understandable to point the finger at lobbyists as a class or as individuals, but the fact is the biggest way that lobbyists have influence – and there has been a tripling in the number of lobbyists in Washington in the last 10 years – is through the campaign finance system. If we broaden who people listen to there, we will make it a much more diverse set of voices heard in Congress.

MR. GREEN: Fred Hochberg, who wrote the SBA chapter online.

Q: Hochberg, same person. Michael, what about districting reform because it seems that it’s less sexy, but it seems more pervasive in terms of how it distorts members
and how we – and it actually – we may have a number of minority members in Congress, but it somewhat prevents them from getting to the Senate and getting into higher office because they're so – it's sort of pre-described.

MR. WALDMAN: Well, the one thing that we do know that’s going to happen is the census and the redistricting and redistricting has become – you’ve had gerrymandering from the beginning of the country’s history. In the very first Congress, Patrick Henry tried to gerrymander a district to keep James Madison from going to Congress. So this is not a new thing, but it’s really gotten more and more pervasive in a way that diminishes competition.

And now you have the problem of mid-decade redistricting, which the Supreme Court allowed in the Lulac v. Perry case a few years ago. This is something that is going to proceed at the state level. There is national legislation to change redistricting procedures in a way similar to what Governor Schwarzenegger just succeeded in passing in California, but I think that this is something where it’s more likely that the bully pulpit is usable for the president and also making sure that the way redistricting is done at least counts all citizens properly.

One thing the new president has control over is the census and the census, a lot of that is baked in the cake already. A lot of the procedures in the census are already set, but the new president should make sure that poor communities, urban communities, minority communities are fully counted, which right now, they’re not. And that will affect the – not the process, but the outcome of redistricting.

MR. GREEN: Thank you, Maria, Michael.

(Break.)

MR. RUDY DELEON: Thank you. We’d like to move to the next phase of the program here this morning, and that is our discussion on diplomatic and national security issues. My name is Rudy deLeon. I’m a senior vice president here at the Center for American Progress and the Action Fund and I’ll moderate this session.

I’m joined by Jessica Stern, distinguished professor at the Harvard Law School, an expert on counter-terrorism and the environment that we find ourselves in, both in terms of a national security portfolio, but also in law enforcement and ways of thinking about terrorism here at home. And the two of us will be presenting some ideas for you up front and then look forward to a question-and-answer session with each one of you.

I’d like to start out – and what I’d like to do is sort of – just in terms of our opening statement, I’d like to make some initial comments and talk about a couple of the chapters that are in the blueprint that have been written by Gayle Smith, largely on the role of economic development; also Greg Craig, who did one on the State Department and the role of diplomacy; Joe Cirincione, who did an excellent chapter on nonproliferation and where we go with the arms control process and nuclear disarmament.
I’d like to make some opening comments on that, then yield to Jessica for what I think will be some very interesting comments, having had a chance – we’ve really got a great series of chapters on national security in the *Progressive Blueprint*, but I think one of the most interesting, and one of the most innovative, was Jessica’s in ways of thinking about the counter-terrorism mission.

So I’d make some comments reflecting the chapters on diplomacy and on sustainable security, yield to Jessica for her comments, then I’ll come back with some comments on the chapter that I wrote on the Department of Defense and the need to have a new strategy there at the DOD. And then we’ll open it up to questions and answers.

So to start then, what I’d like to say is that in this challenging time of a new administration, getting ready for a new administration in transition, that the key points in our chapters in the *Progressive Blueprint* is that national security strategy must combine diplomacy, a strong military, and capable and very important critical strategic alliances for the United States.

It won’t be too long. We’ll all be out on the west front of the Capitol and the new president, Senator Obama, will be taking the oath of office and with that, he’ll be inheriting a series of national security challenges – Iraq and Afghanistan, a financial system in havoc, a mountain of debt, and America more alone than at any point in our recent history.

But the 44th president will also have a unique opportunity, and a clear duty to steer the United States toward new national security priorities. Those efforts should begin with a new national security strategy, one that integrates a strong U.S. military posture, with diplomatic, economic assistance, and cooperation with U.S. allies.

To defeat the complex threats of our time, America must use all of its strengths, essentially those in our civilian institutions of diplomacy and development, and no longer place the entire burden on U.S. national security on the backs of our men and women who serve in the military.

Now, calls for using diplomacy and economic assistance in higher proportion have come from a number of ambassadors, a number of officers in our military, and we should listen very closely to those calls.

In July, Defense Secretary Bob Gates argued the need to harness the full strength of America by integrating our diplomacy and economic assistance. “What the Pentagon calls kinetic operations,” the secretary said, referring to lethal combat, “should be subordinate to measures to promote participation in government, economic programs to spur development, and efforts to address the grievances that often lie at the heart of insurgencies and among the discontented from which terrorists recruit.”

Second, I think the next president will have to establish a new national security strategy for the United States. Now, every nation has the right to self-defense, and that
right is recognized in international law, but the Bush administration’s doctrine of preemptive war and regime change is one that has not strengthened the United States. Every president has the duty to protect the country and act if the nation is threatened, but the use of American military power should never be our nation’s first, nor preferred, approach to solving national security challenges.

Now, reversing the legacy of unilateralism requires that we reach out immediately to our friends around the world and rebuild trust that will strengthen key alliances. The United States cannot afford a go-it-alone strategy in the 21st century. Instead, we should focus on bolstering our partnerships with NATO, revitalizing our relationships with other international organizations, and rebuilding our alliances with friends. As Admiral Mike Mullen, chairman of the Joint Chiefs, told the Senate Armed Services Committee earlier in the year, quote, “It is by taking collective action, and not going it alone, that we increase our ability to protect our vital interests,” end quote.

These challenges, the use of diplomacy to strengthen the coordination between the civilian side of the U.S. government and our highly capable men and women in the armed forces of the United States, these are critical items that have to be the cornerstone of a new national security strategy for the United States.

And so as we look forward to the new administration and their efforts, their efforts also on the area of homeland security, we’re reminded by a quote from President Kennedy very early in his administration, but that also were days when the Cold War was at its darkest. He said, “Diplomacy and defense are not substitutes for one another. Either alone would fail. A willingness to resist force, unaccompanied by a willingness to talk, could provoke belligerence, while a willingness to talk, unaccompanied by a willingness to resist force, could invite disaster.”

Then, as now, our 44th commander-in-chief must develop a new strategy that looks out for the safety of our troops and makes effective use of our military power, and capitalizes on the strength of our other diplomatic tools.

Now, with that, I’d like to yield to Jessica for talking about what I thought was an extremely interesting chapter. And one of the interesting things in working on the blueprint and particularly in talking with some of our younger officers in the field, I came across an Air Force major, Air Force Academy graduate and we got to talking about the blueprint, the authors on the chapters. And when I told her that Jessica Stern was writing the chapter on terrorism, she explained that most of Jessica’s books and writings are part of the standard curriculum at the Air Force Academy as they teach national security and national security policy right now.

So, Jessica, thank you for joining us.

MS. JESSICA STERN: Thank you very much. It’s an honor to be here and to be part of this project.
I think we can all see that the international community has reacted very positively to the election, and that’s wonderful, and I think, as many people have said, that the election of Barack Hussein Obama is, in a way, an act – our first act of public diplomacy and I think it will have a major impact.

At the same time, al Qaeda has a pattern of attacking early in a new administration’s tenure and I think it’s critically important that we recognize – and especially that the new president-elect recognize – that he is likely to be tested early in his tenure.

The global war on terrorism thus far hasn’t worked all that well. Al Qaeda has evolved from a commander cadre organization to a hybrid organization involving self-recruited or locally organized cells, some of which are in communication, if only virtually, with leadership groups in Pakistan.

The thing the new president must be aware of is as this threat spreads and becomes less targetable, it’s more and more important that we think about the psychological impact in advance of a terrorist strike. Terrorism is psychological warfare. The aim is to create a feeling in the enemy. The aim is to create a kind of autoimmune response in which the enemy reacts in ways that undermine its own legitimacy and authority and I’m afraid we fell into that trap after September 11th.

The counter-terrorism policy should not be based only on the desire to avenge wrongs or reduce fears, but mainly, on reducing the threat and it’s important that we recognize that terrorism cannot be obliterated with large-scale military action against states. Terrorism can only be contained.

And I’ll give you one example why we have a problem here. The terrorists have achieved dominance on a critically important battlefield, which is the internet, and our military is clearly not well equipped to fight on that battlefield. To respond to terrorism in a way that actually reduces the threat, rather than just making us feel less afraid, requires the patient deployment of all instruments of national power – intelligence, public diplomacy, and military action with an emphasis on covert action. It requires undermining the terrorist narrative and that’s absolutely critical.

I’ve interviewed many terrorists and they have many different stories. There are many different narratives, but the one overarching theme, especially among the Jihadi extremists, global Jihadi extremists, is the idea of humiliation, that globalization itself is humiliating, that America, under the guise of spreading democracy, is actually aiming to humiliate or harm the Islamic world.

We should be aware that as these groups constantly evolve with new narratives and new allegiances, we will require constantly shifting intelligence. And for that reason, I would advocate a much more flexible intelligence capability, a kind of reserve intelligence corps so that we can bring in people at a moment’s notice who specialize in a particular area of the world or a particular ideology and frankly, get rid of them at least for the moment, until they’re needed again.
It also requires a major public diplomacy effort undermining the terrorist narrative, as I said. We need to be publicizing the words of disgruntled terrorists. I myself have met with disgruntled terrorists. They will tell you they thought their leaders were ideologically pure, that they were involved in terrorism to make the world a better place, but over time, they realized that they were at the job largely to make money or to achieve greater personal power.

This kind of story needs to be publicized. We need to make use of youth groups, who are in the global Muslim community, who are trying to undermine this narrative, who are making clear that these global Jihadi groups, their main victims are Muslims, ordinary Muslims. And I think this message hasn’t gotten out enough.

I would advocate the creation of a presidential commission to develop a counter-narrative. And this commission should make use of information available only to youth, the youth who know how to reach the audiences that we need to reach most.

In the end, I think we need to find a way to balance the very important requirement to destroy the terrorists who are attacking us today with the long-term requirement to undermine their ability to recruit new terrorists. And that balance needs to be shifted in the direction of countering recruitment.

Al Qaeda and the global Jihadi groups will not be the terrorists that we’re talking about 20 years from now. Terrorism is with us, I believe, for a very long time because of changes in our military, but it’s not going to be the terrorism we’re fighting today and again, that requires a much more nimble, flexible response. And I’ll stop there.

MR. DELEON: Okay. Thank you, Jessica. We’ll come back to that issue of the information technologies and the fact that many of the actions perpetrated are against the Muslim population.

I think one of the keys to the change in Iraq was the U.S. Marine Corps strategy of working with the Sunnis and the Sunnis ultimately coming to their own understanding with al Qaeda, and the fact that they were at counter-purposes on everything, and that when the Sunnis decided to reclaim their communities, that that was a significant turning point in the Anbar Province, but very consistent with your thesis and also very much at the heart of how information is disseminated in these communities.

Just a few comments on the DOD transition, and then we’ll open it up to questions.

Everything at the Department of Defense begins and ends with the men and women who serve in our all-volunteer force, active, Guard and Reserve.

The challenge now is of transition during wartime and it’s been very encouraging to see Admiral Mullen of the Joint Chiefs of Staff, as well Secretary Gates, for several months, working to make sure that this is as smooth a transition as possible.
Having been through defense transitions in both 1993 and 2001, I can say from personal experience how challenging they are, and how critical it is to have a sense of objective as you go in and work the transition. And one of the things very important will be for the new administration to reach out and have a very constructive engagement with the Joint Chiefs of Staff and the senior military enlisted advisors. They are – that will also, I think, help continue the tone of constructive civil military relations that are very important in that building.

Now, the immediate challenges – we've got an excellent chapter in the blueprint, written by our colleague here at the Center, Dr. Larry Korb, on Iraq and the need for a new strategy and a new direction in policy, a full strategic review there, and on Afghanistan as well.

We need a new national security strategy, one that uses all of the tools, not just simply the men and women of our armed forces, but also uses American diplomacy, our economic assistance. And in these times, when there are so many challenges on our economic side here at home and taking care of our own economic concerns, one of the quotes that stuck in my mind comes from Robert Lovett, who was a senior official during the Truman administration, and talked about the grand expectation that America represents. And that was the combination of our economic strength combined with our military readiness were going to be critical to the national security environment.

And so as the 44th president takes office, there are significant challenges, both in terms of rebuilding and retaining our own economic confidence and strength, but that also putting the American military back on a strong foundation in terms of readiness and training and taking care of our men and women post-Iraq is extremely important as well.

I used the quote from Admiral Mullen to reach out to our allies, very important, and we’ve got to make sure that the wounded warriors that are in our system receive, and continue to receive, the first-rate care, which means that they continue to stay on the radar of the secretary of defense and his team.

Now, right off the bat, one of the issues facing the new administration will be a fiscal 2010 budget. And a first step in restoring budget checks and balances is to really curb the use of the supplemental funding process, and to limit those supplementals only to emergency and essential combat costs. And then a much-needed second step is the restoration of the planning, programming, and budgeting system within the Pentagon, and that’s the formal system run by the comptroller.

We need a readiness initiative that restores the capabilities of our ground forces, but again, the defense transition needs to focus with a strategic review of Iraq and Afghanistan and a new direction there, reaching out and rebuilding our critical alliances, a national security strategy that uses all of our tools, all of the things that contribute to United States' standing in the world, and then repair and restore our armed forces for the future.
So with that, what I’d like to do is open it up. One of our authors is in the audience on homeland security, and that’s P.J. Crowley, and I’d like him to just make a point or two on his chapter on homeland security. And then I know he shares my own keen interest in Jessica’s chapter on dealing with terrorism in this new environment.

MR. Philip J. CROWLEY: Rudy, thank you very much. The challenge for the Department of Homeland Security is, first and foremost, to figure out how we define it. Homeland Security, the department was formed in 2003 as a chief agency in the effort to combat terrorism and the tilt in one direction obviously was apparent in August of 2005, when it was unprepared for Hurricane Katrina. Then you had a tilt back towards a more aggressive posture by the federal government in helping state and local authorities with disaster preparedness, but obviously, over the last couple of years, you’ve had an aggressive shift towards illegal immigration.

So to some extent, the 44th president has to decide what are the real imperatives involved in homeland security? How do you, in fact, create effective systems, so you have secure borders without shutting the United States off from the rest of the world? Have a sustainable immigration policy, so that we actually can remain competitive internationally, while making sure we can distinguish somebody coming to United States who wants to invent the next great thing and distinguish that person from someone who tries to enter the United States to commit the next worst thing.

So one of the great challenges for the next president, or for the Obama administration and the next secretary of Homeland Security, is really defining what we mean by this space, creating a vision for Homeland Security. As Rudy knows very well, at the Pentagon, you’ve had a mature quadrennial defense review process, where you marry up strategy, programs, resources and you create a long-term vision for the military and then you work steadily through the – year in and year out to get there.

Homeland Security doesn’t have that same capability yet. It’s obviously been a department that was created out of a difficult political environment in 2002. It really needs to create that long-term vision. What does a secure country look like? What does a prepared country look like? What does a resilient country look like that is able to cope with disasters that might befall us in the future, regardless of the cause, whether it is because of natural causes, manmade events, or terrorism? And our chapter kind of steers in that direction in multiple areas.

MR. DELEON: Give us one sentence on your idea of a new federalism and how critical the connection between the federal government, the state governments, and the local and municipal governments is.

MR. CROWLEY: Well, a great challenge for the next – perhaps the most immediate challenge for the next administration, come January, is to really focus on state and local authorities. A lot of capability has been built up over the past five years. We are a better prepared country in many respects than we were before, but now, you’re a mayor or governor – you’re Governor Bloomberg, for example. You’re an effective – you’re Mayor Bloomberg, an effective mayor, who just had 20 percent of your local
budget that’s been blown to smithereens, in the financial crisis, in a city like New York, for example. You can argue is New York the number one target city, the number two target city, but it’s one or the other.

In New York today, you have 5,000 fewer police on the streets of New York than you had on 9/11 and New York is a city with resources, so think about other communities around the country who are feeling a great deal of pressure. How do you maintain the cops on the beat? How do you maintain fire department with capabilities in the event you have a chemical disaster or anything else like that?

So obviously as the tax base is shrinking, you’ve got severe budgetary pressures, and so how can the federal government make sure that, as Jess said, in this period, where you have to anticipate that someone’s at least thinking of trying to do something in connection with this transition or early in the term, how can you maintain your vigilance at the local level so that – because that’s really where you’re going to find more likely the next terrorism plot. It’s not going to be done – less likely be done by an intelligence analyst sitting here in Washington. It’s more likely be discovered by a cop on the beat who is perhaps investigating petty crime that – where someone is trying to develop the resources so they could do something more significant.

MR. DELEON: Great, thanks, P.J. Now we’ll open it up to questions and we just simply ask that you wait for the microphone and then just identify yourself when you ask the first question. This lady right on the aisle.

Q: I’m Rochelle Friedman with the Coalition on Human Needs. I want to ask you a question about the politics of the DOD budget. From the Coalition on Human Needs perspective, we are always fighting for scarce dollars. As most people realize, we’re spending a lot of money on Iraq and Afghanistan. What they don’t realize is how steeply and how, during that last eight years, the regular defense budget has escalated and we continue to keep systems that even some within the military say are antiquated. They’re not for our present military way of operating.

So I think it’s very problematic that we continue to do this and yet there is a political thing too because people have been very smart in crafting some of these programs because subcontractors are maybe in 45 or 48 of the states, so politically, it’s hard to get members of Congress to say, no, we don’t need this submarine or we don’t need this aircraft system.

So I guess I’d just like to ask you, Rudy, about the politics and how are we going to reverse that, not only to make our military more appropriate today, but from my perspective, we need more resources and we're always fighting in the human needs community as our share of the domestic discretionary budget has been dwindling.

MR. DELEON: Thanks for the question. Two things – first, the use of the supplements, that really is a process that needs to have much more discipline, much more focus on actual operational cost, and then to reduce some of the other items that just
simply have found their way into the supplemental spending bill. So one, we’ve really

got to restrict the use of the supplemental budget for truly emergency items.

The second point of your question, the base DOD budget, you’re correct. It has

now gone past a half a trillion dollars a year without anyone really spending that much
time noticing and focusing on it. In our blueprint chapter, we specify a number of

remedies – one, we’ve got to put the budget checks and balances back in place and those
tools really have not been used these last seven years.

Second, we need folks on the government side looking out for the taxpayers' interests,

and so that civilian workforce that has the expertise in doing contracts and

making sure that the American are getting a fair deal, that workforce has been in decline.
So we need to make sure we’ve got capable people sitting on the government’s side in these negotiations.

And then third, this Quadrennial Defense Review has got to be a budget exercise

that puts everything on the table and that looks at these programs and decides what is truly critical to our national security environment. I think a couple of our papers make

the point that we’re short of critical linguists. We’re short of people who have the skill sets to help us on the intelligence area and that training for a whole force of these people could be paid for by one aircraft out of the procurement budget.

So we’ve got to rebalance the priorities and do that with the Quadrennial Defense Review, but you’re correct. That budget has slipped, without many people noticing, passed half a trillion dollars a year and that’s in terms of total defense spending, the administration, the Bush administration, has passed beyond the Korean war period in terms of total defense spending. So only World War II exceeds the current amount that is in the defense budget right now.

So putting the discipline back into the process, putting everything on the table, and prioritizing, I think, is at the heart of where we start that process.

Next question.

Q: Hi, I’m Doug Wilson and I’m one of your authors actually as well. And I just wanted to make a comment about what Jessica had to say about public diplomacy because I think she’s absolutely correct. And the comment is that when we look at the elements of smart power, the military and non-military, we can’t just assume that by going to the non-military elements we’re going to have success because so many of them are broken, led by public diplomacy.

And one of the things that the blueprint advocates in the chapter is a real fundamental look at public diplomacy, not from a budget point of view, not even from where should it be, but what should the mission be? How do you play to the strengths of what people who should be professional public diplomacy practitioners can do in comparison with what intelligence can do and what folks at the Pentagon can don?
And essentially, how do you give them the credibility and recruit and retain a new
generation of public diplomacy practitioners at a time when 75 percent of the world’s
population is under 25, and you have millions of young people who’ve been brought into
the political process by this last campaign. They need to know that national service can
also be serving their government in this way.

MR. DELEON: And let me just acknowledge the chapter in our blueprint in the
national security section by Doug Wilson on public diplomacy, and also acknowledge
Doug’s role as a senior vice president of the Gilman Foundation on being one of the key
contributors in terms of resources to this project. So Doug, thank you on a number of
fronts. It’s also an excellent chapter. Jessica?

MS. STERN: I guess I would just say that I agree and I – (laughs) – it’s not really
a question, but I really applaud your efforts to revitalize the concept of public diplomacy
and to get youth more involved. That’s really an essential part of what we need, I think,
to be effective.

MR. DELEON: Other questions? In the back. Colonel, we’ve got a Marine
veteran from Anbar province – a question for you.

Q: Currently AFRICOM – the deputy (sync ?) [00:33:48] is from the State
Department. Can you see moving all of AFRICOM at some point under the sanctum of
the State Department or can we break the paradigm where the state is more important –
the State Department is more important in Africa today than the military services?

MR. DELEON: I think, Colonel Peter, that’s an excellent question and I think it’s
at the heart of a core element of a new national security strategy, which is using all of the
tools. And in fact, we’ve gotten into a situation where our regional military commanders-
in-chief have become more of the representative of the U.S. government than has the
secretary of state or a U.S. ambassador in a region.

And I don’t think that’s necessarily a role that the military views as one of its core
areas, although by default, it has stepped into that position more and more. And so I
think it is a very interesting experiment to see one of the regional commands led by a
military commander, but with a State Department as the deputy and I think looking more
and more at that model, because in the critical moments what we’re lacking are folks
from the Agency for International Development who know how to do economic
contracting and to offer assistance.

Our Afghanistan – our U.S. commander from Afghanistan came to town and gave
a talk to several of the think-tanks and he said, my biggest requirement – and this was in
2005 – my biggest requirement is to build roads and to build schools. Now, he wasn’t
able to get those tools. And so in 2008, the environment in Afghanistan is much more
treacherous, much more hostile to U.S. forces, back into suicide bombers and things like
that, and so we weren’t able to give that commander the tools that he was asking for back
in 2005.
So I think also – Southern Command is also experimenting with this match-up, but the tools of American national security, back to the founders of the modern national security process, the Truman administration, we really need to take a re-look at what they were telling us because we can learn a lot by studying their words.

But it was the combination of our military strength, but also our diplomatic standing and our ability to do these economic projects and no one represented it better than General George Marshall, stepping from his critical role during World War II to the role that he played in bringing Europe back to recovery and for which he won the Nobel Peace Prize. So that’s clearly what is talked about in a sustainable security mode, looking at the tools other than putting the entire burden on our military men and women. So it is a model.

So with that, Jessica, thank you very much. I just wanted to acknowledge Mark and Michele for their leadership throughout this project.

And what we’re going to do now is to move into the discussion on climate change and green jobs, and I’d like to yield the floor to Jim Lyons who is going to lead that part of the program.

(Break.)

MR. JIM LYONS: It’s a pleasure to be here this afternoon to join this august group of authors to discuss Change for America. My name is Jim Lyons and I’m joined by Bracken Hendricks, and we will address both the issues of climate change and green jobs in 10 minutes – a remarkable feat.

For my part, I’m going to try and offer some summary comments with regard to the issue of climate change and make five essential points highlighted by various authors from Change for America. So that means I have about one minute for each item, and I’ve already eaten up 30 seconds. So I’m going to get rolling.

First, I want to emphasize that climate change is one of those issues that is – what I would characterize as a change driver, so to speak. It really has implications for the U.S. economy, for energy independence, for national security, for jobs, for human health and therefore, health care and health care costs, and of course for the environment.

And as such, it’s a cross-sectoral issue. It affects a number of departments and agencies and really requires direction and leadership from the president and the White House. So I’d like to attempt to acknowledge all the authors who addressed the issue of climate change, but they’re probably too many to list. In fact, since it is a cross-sectoral issue, many of the authors dealt in some way, shape, or form with this issue in the context of their chapters.

Now, to my four additional points, I’m going to briefly touch on issues associated with national legislation, international negotiations around climate change, connections to the new green economy. Bracken will talk about green jobs. I’m going to talk just
briefly about new income streams for rural America, and then recommendations for structuring the Obama administration, a new administration – now obviously, the Obama administration – to manage the global climate crisis.

First, with regard to national legislation, I think we saw a dress rehearsal on climate legislation in the Senate last year, and now we’ve seen new legislation introduced by Chairman Dingell and proposals forwarded by Chairman Waxman and Chairman Markey. There was, in fact, a report today that subcommittee Chairman Rick Boucher indicated that he understood that climate change legislation – excuse me – would be next after the economy in terms of President-elect Obama’s priorities.

Now, I can’t speak to that, but I would make this note. I think it’s interesting and important to recognize that in many respects, dealing with climate change in the United States would create a new economy, if you will. Carbon credits, representing a new currency, a carbon currency, that could be the source of revenue for many public and private endeavors. So just the artificial distinction between dealing with the economy and then dealing with climate change, I think, creates a false dichotomy that the authors of Change for America, I think, would take issue with.

Important elements of the legislation would include the following: establishing a cap and trade system for reducing greenhouse gas emissions. This is important because it establishes a value for carbon and therefore, with value, it can be marketed. It is also important because it would set a very clear bar for emission reduction targets. So everyone understands what’s expected within different sectors of the economy.

Also, legislation needs to create base emission reduction goals that are based on sound science. Now, we’ve gone through many years of debate about the issues like voodoo economics and fuzzy math, some of my favorite concepts.

In the Bush administration, we saw a new concept. It wasn’t science. It was called political science, and that is, we had science that satisfied the policy goals and objectives of the administration at any point in time.

What’s essential and is emphasized by many of the authors in this book, particularly Carol Browner in the chapter on EPA, is the essential need for science to serve as the underpinning for strategies to deal with climate change and to establish the sideboards and the guidelines for moving forward with new and effective policies.

It’s also important that the legislation establishes a means for understanding and dealing with the consequences of climate change. There are consequences for agriculture. Obviously, there are energy implications and energy costs. There are consequences and implications for how we build new design standards. There are consequences for human health.

It’s essential to incorporate provisions for adaptation to climate’s consequences, be they domestic, or some would argue, international in the context of climate legislation.
And finally, the legislation must deal with both developed and developing country emissions – primarily the focus there is on China, which now exceeds the U.S. in terms of total emissions – and promote new pathways for low carbon development, particularly with regard to developing nations.

On to the second issue, international negotiations – there’s ongoing dialogue seeking to establish new guidelines for a post-2012 climate change regime. The Bush administration has been viewed more as an impediment to progress in this regard, as opposed to a partner. In fact, at the Bali talks last year, U.S. representative Dobriansky first rejected the consensus that had come after 14 days of negotiations, and then was reprimanded, if you will, by Kevin Conrad, who was representing Papua, New Guinea. He stood up actually at the Bali talks and said, quote, “We ask for your leadership” – he speaking to representative Dobriansky – “We seek your leadership, but if for some reason, you’re not willing to lead, leave it to the rest of us. Please get out of the way.”

Ms. Dobriansky then was forced to respond to a course of criticisms and reversed her position and said, in fact, we’ll join the consensus.

An Obama administration needs to participate fully in international negotiations and reaffirming U.S. engagement in this issue, and in so doing, reestablishing global leadership, not only with regard to our role in the environment climate change, but also with regard to matters of diplomacy in general.

Climate change, in essence, provides a unique opportunity to demonstrate leadership and a willingness to reengage, and in fact, the upcoming meeting of the Conference of Parties in Poznan, Poland, in December provides a unique opportunity to send an initial signal, recognized by a number of authors in the book, and have encouraged President-elect Obama to send a high-level envoy to make his interest on this issue known.

With regards to connections to the new green economy, the third point I want to make – and again, Bracken will deal with this in much greater detail – I want to point briefly to the other economic opportunities that are driven by concern for climate change and the need to refocus our energy future on alternative clean energy solutions.

In fact, tackling climate change and building a new green economy can generate new sources of employment, new sources of revenue, and could potentially finance new opportunities for reinvestment in urban and rural America. For example, one author noted at USGA that the Obama administration could develop a homegrown energy initiative. And under such an initiative, farmers could grow energy from corn and soybeans today, and potentially, from crop residues and waste, both animal and plant waste, from cellulosic ethanol in the future; could, on the same acres, plant windmills, if you will, which once connected to the grid, could provide energy for rural and more remote communities, as well as potentially contribute to energy needs of urban America, and could also harvest dead and dying forests for fuel production and reduce wild fire risk across many millions of acres in the west.
Then using this new carbon currency, with offsets from a new carbon market, farmers could grow carbon through changes in cropping practices or by planting trees and other vegetation in certain areas. In fact, the National Farmers Union has initiated a program that’s generated $8 million for farmers engaged in producing carbon, in essence, growing carbon and establishing or gaining a value for their carbon on the existing carbon exchange.

At the same time, depending on the way these acres are planted, those same lands could improve water quality and biodiversity, and might also provide another means of compensation for those so-called ecological services.

So in essence, dealing with climate change creates a new opportunity for new sources of revenue for American agriculture beyond the food and fiber that is normally associated with agricultural production across most of America.

Now, my final point about organizing to lead on climate and the new green economy, I can’t help but note, as a former Clinton official, that while we were in office, often times, we heard the refrain, it’s the economy or the environment. I can’t tell you how many times I heard that. Well, I think, as demonstrated by many of the authors in this book, it’s clear that it is the economy and the environment that will benefit from reinvestment in – new investment in a new green economy and efforts to try and address climate change.

Authors suggest various structures and strategies to reassert U.S. leadership. On climate change, first, Todd Stern and David Hayes recommend in their chapter the creation of a new national energy council – would bring together the National Security Council, the Economic Council, CEQ, the Office of Science, Technology, and Policy and most cabinet level officials. And this office would then, quote, “drive policy and strategic options for the president with respect to energy and climate change.”

Ron Minsk and Elgie Holstein, in addressing challenges at the Department of Energy, suggested the need to create a new comprehensive energy plan actually – it would be the first energy plan, so I guess it wouldn’t be new – for the nation as a whole and to do so within 60 days of the administration taking office with a unifying theme, quote, “to focus on policies to regulate and reduce greenhouse gas emissions.”

Finally, Carol Browner suggests that on day one of the new administration, the president should explicitly direct EPA to review how best to reduce greenhouse gas emissions, increase energy efficiency, and expand alternative energy sources. And then she goes on to also recommend that the president reconsider the EPA denial of the California waiver of the Clean Air Act for more fuel-efficient cars.

So, much to address an issue and a subject matter that has broad implications for the new administration. It provides unique opportunities to fill a void that has been created in the past eight years by the Bush administration and filled by many states taking new initiatives to deal with climate and energy alternatives. This provides – this issue provides an opportunity for the new administration to step back up to the plate and really
become a partner with the states in leading a new direction for both dealing with climate issues, but also for growing a new green economy.

With that, I’ll turn things over to Bracken.

MR. BRACKEN HENDRICKS: Thanks so much, Jim. Thank you for coming out and for your interest in this conversation about how we transition into a new government and how we bring change to the American government and to our democracy.

Clearly, climate change and energy and environmental issues have taken a fundamentally different role in our conversation about the future of the country than they had for many years. With the rising up of climate and energy policy as a centerpiece of the environmental agenda, it’s really ordered the priorities of the environmental movement around something that’s quite different from the history of the last 30 years. And a conversation about something called the new energy economy, as Jim was just saying, starts to reframe the issue very, very fundamentally.

So I’m here to talk about green jobs and how the solutions to global warming can be fundamental to the current economic position that we’re in. And I think this is very unusual for advocates around the environmental movement, advocates around environmental systemic health, to be thinking and talking in terms of economic development, but it creates some very, very interesting and important opportunities to rethink how we address environmental issues broadly.

Fundamentally, if I can sort of offer one point – and this was sort of central in our framing of the whole discussion on climate change – it is that energy and climate issues are core economic issues, and that solving global warming will mean substantial economic investment into the core productivity and competitiveness of the American economy. And this has very fundamental impacts on how we manage these issues within the federal government.

To just get a brief sense of perspective on global warming and its economic impact, it’s important also to look first at climate impacts and the negative side, the scale and the scope and the speed of the movement of climate change, global warming as an economic issue.

It’s estimated that by the end of the century, it will cost the U.S. economy, if nothing is done to address it, $1.9 trillion annually. This is the impact of storms, of droughts, of fires. And there are fundamentally, they’re very, very significant impacts that will take place globally as well, with the increasing spread of energy poverty, those people who – millions of people, who every day, lack access to the basic economic resources to maintain a decent standard of living.

The changes in global energy prices have wiped out 10 years of very, very serious work on debt relief, and the impacts on the developing world from this phenomenon of global energy poverty are very difficult to overstate. Further, as we anticipate the
impacts of global warming, the fundamental impacts will be borne worst and first by those with the least access to resources, the least ability to adapt.

So if we think of global warming as an economic issue, as a major social disruption, the costs are tremendous, but one of the exciting opportunities with the shift to a discussion around green jobs is that people are starting to understand the scope and the scale of the potential of this positive investment as well.

Building solutions to global warming means fundamentally investing in our energy infrastructure, the infrastructure of our cities, economic development opportunities for our rural communities. And it starts to touch a whole host of agencies and federal programs and parts of the government that engage directly with economic issues that haven’t traditionally thought of energy and environmental issues as their purview, but suddenly, we see that if we’re trying to seriously build a clean energy economy, it means a very profound shift in the way we manage resources across the government.

We spend trillions of dollars throughout the economy year after year. We are building the foundation of our economic productivity, but we’re building it in a way that’s not driving the sorts of the economic outcomes, the sorts of environmental outcomes that we need to see.

So when we look at the opportunities for the next administration in structuring a government, we see that there’s a tremendous opportunity for leadership using the lens of building a clean energy economy to rethink how we are organizing agencies and the work of agencies, how we are organizing relationships with Congress, and very fundamentally, how we are positioning the United States for leadership in the world.

Looking across agencies, there will be very, very significant opportunities for the next president to think about the management of these fundamental economic considerations across agencies. There was already some mention of the creation of a national energy council. The notion of elevating the solutions to global warming and our national response, both domestically and internationally, to a White House level position makes a tremendous amount of sense when you think about the types of impacts that this will have on how HUD agency budgets are spent on helping cities to rebuild their infrastructure, to engage in energy efficiency retrofits block by block, to support affordable housing that starts to create markets for green investments and green building.

If we think about agencies like FERC that are going to have oversight over the siting and the development of a national electrical grid infrastructure, and how we’re going to rapidly accelerate that to build a clean energy infrastructure that can allow for the accelerated development of renewable energy in rural remote locations with large-scale wind farms, and bring it to the areas of the nation that have severe constraints with access to reliable sources of energy.

Agencies like the Department of Energy, the Department of Environment have had a longstanding traditional role, but it will spread really throughout the government in
some sort of leadership role with a direct report to the president and a serious coordinating role in the ability to shape the way budgets are deployed, the way economic development tools impact manufacturing jobs, minority business development, local rural economic development.

There are so many ways that the solutions to climate change are creating some of the fastest growing markets and some of the fastest growing opportunities for the United States to reposition itself for competitiveness in terms of capturing these emerging global markets.

Within the executive branch, the president will also have a tremendous opportunity within his own – within the office of the White House, through CEQ to think about how NEPA, the National Environmental Policy Act, is administered.

There’s an opportunity to look at siting of federal projects to incorporate the impacts of carbon emissions and climate change and a whole host of ways where administrative processes will have tremendous impact on the way we grow, the way we develop.

And there will be an opportunity to simply use the convening power of the presidency, the ability to call the nation to a higher challenge. Clearly, through this election, we’ve seen the important role that leadership is playing in galvanizing the political will, the popular will, of the American people.

And we’re seeing new constituencies from faith to poverty to rural constituencies to traditional business industries that have long seen environmental issues as a burdensome regulatory overlay. And they’re suddenly seeing it as an opportunity to create new markets and to engage with the world differently.

So simply using the bully pulpit of major announcements, major speeches, state of the union addresses, inaugural addresses, these sorts of things, are an opportunity to focus the nation in a new way and a new opportunity for leadership for a new administration.

And lastly, I just want to point at the way this is cutting across sort of social policy in some very interesting ways. There’s an opportunity to have a galvanizing conversation on green jobs and how you can create work in manufacturing and construction by retrofitting our cities and engaging service through – serve for America through youth build, create pathways out of poverty for some of the most difficult to reach – and employ people to gain a foothold in these emerging new jobs, building a clean energy economy. We have the opportunity here, not only to minimize the pain of global warming, but to maximize the gain and the opportunity to create broader access to these opportunities.

We put forward in the book the notion that a clean energy corps that captured the imagination of young people. It created service opportunities, workforce investment, training that engaged manufacturing businesses and construction opportunities, would
have a very, very significant window of opportunity during this economic crisis as a sort of a signature initiative, and it would be exciting to see something like that move.

Looking at the legislative opportunities, they are very significant as well, and they extend well beyond the traditional conversation that we’ve had around passing a cap and trade piece of legislation, around passing a climate bill. Certainly, moving climate legislation will be a centerpiece of our approach to dealing with carbon emissions and helping to transition the economy so that we can begin to internalize the greatest market failure that we’ve really ever seen, which is carbon emissions.

It’s fundamentally a failure in the market to account for the true costs of our economic productivity, but moving beyond the cap and trade legislation, which we hope will move rapidly in a new administration, and in relation to a new Congress, results in a tremendous opportunity with the recovery package.

The Center for American Progress has put forward, in part in the context of this book, but also in our broader work, the notion of a green economic recovery and a green economic stimulus. And once you have laid down a long-term economic vision built on the foundation of a green economy, there are many, many things that can be done very immediately in the short term to invest in clean energy, from transit systems to workforce investment, to retrofitting buildings and helping to manufacture wind turbines and solar panels, and there’s a tremendous opportunity to invest.

There’s also a host of complementary policies that may not be directly driven by a cap and trade system, but around energy efficiency portfolio standards, renewable portfolio standards, retooling the auto industry. We’re seeing climate change enter into the whole conversation about the competitiveness of our automobile industry and really, the long-term competitiveness of American manufacturing broadly.

In all of these economic policies, there’s an opportunity to position ourselves for greater long-term job creation, economic stimulus, long-term economic growth, and greater engagement with the world economy in a way that is much more competitive by responding to the market signals that we’re getting from global warming.

And lastly, in closing, let me just say that the next president is also going to have opportunities to promote green jobs through engaging the global debate around climate change. This will be a profound opportunity for a new president to assert a new role of engagement internationally, a new role of collaboration to tackle some of the deepest problems.

Climate change is really, I think, a lightning rod for the global community of how the United States has turned its back on global engagement over the last eight years, and this is an opportunity to define a different set of relationships.

But similarly, as we have begun to see the opportunities to track climate and carbon regulation back through to economic competitiveness, investment, and growth, similarly around issues of the developing world, there is a tremendous opportunity to help
the global south leapfrog very, very destructive patterns of global development that have held them back, to help them address energy poverty by investing in new energy systems, new infrastructure that allow them to bypass some of the most destructive pieces of the industrial revolution, and use information technology, distributed energy systems, and a whole host of technologies that were invented in the United States, and that we can actually use as global exports, but in a way that promotes uplift, that promotes economic opportunity, not only in this country, but in a global development context.

And I guess within that context, there’s also an opportunity to rethink how we engage trade and its impacts on American business as well.

So there’s a very restorative agenda as we start to think of climate change as a driver for economic growth and engagement and I think we can talk about some more of these issues as we open this up to conversation.

In closing, I think the fundamental realization, and the fundamental verdict of the election, is that we can’t drill or burn our way out of our current environmental crises, our current global economic or climate crisis. We have to invest and invent our way out of these problems.

And it is the notion that solving global warming can renew America’s commitment to investing in our cities, in our people, in the skills of our workers, and the productivity of our infrastructure that really links to the current mood of hope and a desire to see new levels of investment and engagement with the fundamental productivity of our economy. And I think green jobs, more than anything else, really signals this transition in the American thinking. Thank you.

MR. LYONS: Great. We’ll open it up for questions.

Q: Good afternoon. My name is Kesi Stribling. I’m the publisher of The Strategist Magazine. I think that you have laid out some pretty concrete and strategic approaches to dealing with climate change and engaging green jobs on a national level. I wonder if you could offer maybe one or two strategies that the incoming administration can use to get local governments to get on board with the effort, so that they can see the benefit of adding green jobs or undergoing initiatives to help combat climate change.

MR. HENDRICKS: Sure. I would just push back on one premise of your question. I think local governments are already on board. I think local governments, states, and cities have been leading the way. In the absence of a strong coherent national vision for solving global warming, for taking on our most deeply entrenched energy and environmental problems, it has been community-based leadership that really has started to create the opportunity for this conversation. The whole concept of green jobs comes out of urban social justice advocates, recognizing that there were very, very large new flows of capital that potentially can move. It’s estimated that an auction of carbon emission permits would be worth between $50 and $300 billion annually. This is a very, very significant new flow of capital.
What the opportunity is for the federal government is to see this opportunity and start doing things that start to rebuild our communities, both urban and rural communities, investing in the integration of broadband infrastructure with our electricity grid. That’ll drive a tremendous amount of new skilled job creation and investment into the community level.

I think mayors and cities, and state governments as well, are hungry for this sort of investment. They are trying using their own regulatory and economic development tools to pioneer these solutions and now, the federal government has a tremendous opportunity to learn from the laboratory that’s already gone on in the states, to apply some of these best practices. And I think we can see a very, very rapid flourishing of exciting new policy solutions across the federal government as a result of the leadership that local governments have shown.

MR. LYONS: Very good. Other questions. Yes, sir?

Q: George Gould (ph) with Gould Associates. I – could you help us a little – help me maybe a little bit on the green jobs concept? How are you going to deal with jobs that have been defined by some of the environmental community as doing work, frankly, that is anti-green, if you will? How are you going be dealing with that? Are those people going to be transferred to new jobs? Are you going to change the work that they’re doing? I’m thinking of construction; I’m thinking about lawn, farming, some of those areas.

MR. LYONS: I’ll address the question from the standpoint of at least the rural economy. I think what you’d find is that the opportunities for investing in alternative energy, for example, present tremendous opportunities for reinvestment in rural economies and new job opportunities. Wind farms is an example that’s been mentioned. Solar energy production, requiring new investments in the grid, new access to the grid system so that energy can be transmitted to other places for use represent opportunities for a new skilled workforce and a tremendous opportunity for growth in employment in these particular sectors and there are many others.

Bracken speaks often and I’ll let him address this about the opportunities for reinvestment in urban America.

Retrofitting buildings to increase energy efficiency, green roofs – the City of Chicago, for example, city hall has a green roof as an example and it started a movement in the United States that’s expanded to include New York, Seattle, San Francisco, and elsewhere. In fact, the first green roof on a building in Washington, D.C. was built by a number of students from communities in Anacostia through a work program, a service program, that provided them training and frankly, now the demand for their services outweighs the number of students that are available. So there are tremendous opportunities for this reinvestment.

But Bracken, do you comment more?
MR. HENDRICKS: Yes, I just want to add that I think there’s a misconception that green jobs are going to be sort of esoteric new niche jobs, installing solar panels, that they’re on the fringe of new technologies being moved into large-scale employment. They are that. That’s a significant piece, but they are also familiar jobs in familiar industries.

We’re talking about green as a new and growing sector of the economy and so when we talk about a green job, we’re really talking about jobs for plumbers and pipe fitters, for insulators, for electrical linemen. These are very good, high-wage, high-skill blue-collar jobs. They’re jobs that have opportunities for entry level and real career ladders and skill development to promote people and create pathways into the middle class, and they also involve a significant investment in technical jobs around engineering and architecture and design as well.

But I just want to point to a study that was done by McKinsey & Company, where they took climate solutions and they just arrayed them from the least cost to the most costly. And they found that about 40 percent of the immediately available jobs can be done profitably at a negative cost and these are jobs doing things like insulating hot water heaters, testing and balancing air conditioning. They ultimately save money across the economy.

So we need to think in a new way about green issues, green solutions, as an opportunity just to fundamentally invest in the productivity of our infrastructure, in the vibrancy of our communities and to put people back to work at a time. When we’ve lost about 800,000 jobs in the construction sector in the last year, when we’re seeing credit markets tighten, this is an opportunity to create new access to capital and new investment in communities that’s going to drive a broad-based economic recovery.

I guess we have time maybe for one question and then we really should turn it back over to Mark and Michele, and let them close out and thank them for their leadership in putting this together. Is there one more question?

MR. LYONS: Just wait for the microphone, if you would, please.

Q: My name’s Sam. I’m affiliated with a bunch of different groups around town. I worked with the center; I’ve worked with the mine workers. So I have a question kind of thinking about training people for green-collar jobs with the clean – I’m thinking also like training the anti-green job folks.

With the Clean Air Act, there were some proposals – Senator Byrd and others had proposals to provide not just retraining by education stipends and income replacement, sort of a more robust package for people who are going to be most directly affected, like coal miners and coal-fired electric power utility workers.

Have you thought more about the role that that type of more robust – in addition just to retraining because I think people have a very low opinion of trade adjustment
assistance and I mean, obviously, the participation on taking these programs has been low. So have you thought about kind of fleshing out the retraining, either of you, that would be available for those that would be most directly affected in those sort of core fossil industries in the U.S.?

MR. LYONS: What I would offer in response is I think that reflects kind of old thinking about the investment opportunities that exist, as we’ve already alluded to. Many of the jobs that are associated with the new green economy are those same basic jobs applied to different outcomes, different products, to really invest in new opportunities.

And so the presumption that this means that workers have to be retrained in a totally different field, I think is a false assumption, and in many instances, the same skills will apply. And so the reinvestment is really needed to catalyze opportunities for them to go back to work and to apply the same skills but to producing, say, energy-efficient systems, to retrofitting buildings.

The same people who are doing the pipefitting work in a standard building today with a different set of design standards could be putting in the piping and the plumbing for a much more energy-efficient building. And if the incentives are there, if the resources are there, that will ensure that the jobs, in fact, will be there.

MR. HENDRICKS: And I guess I would just say that the whole conversation from moving to a conversation about investment and looking at resources streams is really important. We are talking about creating opportunities for auto workers to continue making cars, but to make cars that use vastly less oil and produce less pollution.

The conversation on carbon capture and sequestration is actually a path forward for traditional utility workers and mine workers that otherwise, would face very, very serious constraints if we do nothing about global warming.

So a very fundamental piece of this agenda is about reducing the pain, reducing the dislocation caused by addressing these impacts, by doing it systematically in a way that helps workers make these transitions. And in this conversation, there really are very significant resources on the table, and in those cases where there are real economic impacts, whether it’s changing electricity prices on low-income rate payers or resource-dependent industries that may really experience real impacts, there is an obligation to dedicate serious resources to taking those impacts into account. If we don’t have a strategy to address this, we’ll never be able to take that on and offer the supports and the resources, and this is really ultimately about taking care of that.

CAP has a program that puts 50 percent of the proceeds from an auction in cap and trade directly into equity impacts and making sure that low-income folks and that impacted workers are taken seriously in this solution, but I think if we address it proactively, we can make sure those impacts are as small as humanly possible.

MR. LYONS: Great. Mark, Michele? Thank you.
MS. MICHELE JOLIN: Thank you, Jim. Thank you to all of our panelists. We very much appreciate your participation and thank you again to all of our authors.

I just wanted to say one last time our part of the book today is available on AmericanProgressAction.org. You can download some chapters for free there, and then it will be available in bookstores in January being published by Basic Books. Mark?

MR. MARK GREEN: A big thanks to all our panelists, all our contributors, Michele, and her team. I will say over a year ago when we started, one potential contributor said, it sounds great, but we really want you to also create a bank of names who could populate a new administration. This is the easiest decision I never brought to you. And I told this person, A, it would overwhelm us, and B, we had no political or moral standing to do that.

Policy is different. A good idea can, and has, come from anywhere, and our assumption was twofold, first – was one really. Any plausible candidate has to focus more on primaries, money, and media than what they may do to the FTC in a year and a half. We had the luxury of not worrying about money and primaries and media, but could look ahead to policy in the short and long term for two goals – one, any ideas that we have that could enrich and help a new administration, and two, that a new administration could be measured against.

So we hoped, and hope, to be a catalyst and a benchmark, and so Change for America will endure over time because of the qualities and ideas of these 60-plus scholars who have contributed to this collective effort. And Basic Books will have a print version January 5th, 2009, in bookstores and shortly an e-book version. If you want to bother them and email them, they will let you know within a few days when the e-book version would be purchased – could be purchased.

Thank you very much.

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