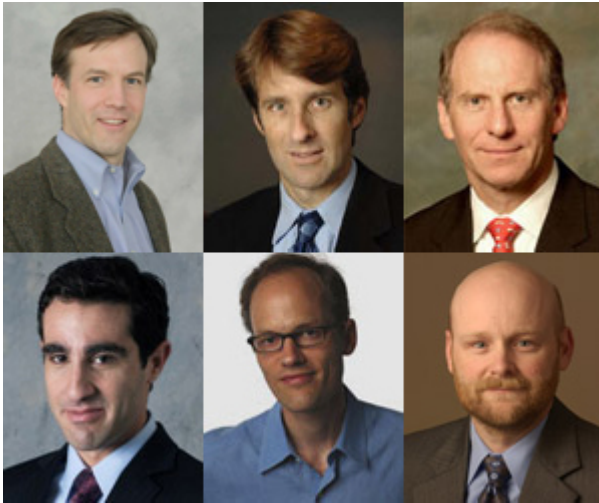


## The Tricky Path to U.S. Revival



**Interviewees:** (January 28, 2010)

[Richard N. Haass](#), President, Council on Foreign Relations

[Sebastian Mallaby](#), Director of the Maurice R. Greenberg Center for Geoeconomic Studies and Paul A. Volcker Senior Fellow for International Economics

[Michael A. Levi](#), David M. Rubenstein Senior Fellow for Energy and the Environment and Director of the Program on Energy Security and Climate Change

[Edward Alden](#), Bernard L. Schwartz Senior Fellow

[Stewart M. Patrick](#), Senior Fellow and Director, Program on International Institutions and Global Governance

[James M. Lindsay](#), Senior Vice President, Director of Studies, and Maurice R. Greenberg Chair

President Barack Obama's first [State of the Union address](#) focused heavily, as expected, on domestic economic recovery and reasserting U.S. competitiveness. Five CFR experts noted different aspects of the challenges facing Obama.

[Richard N. Haass](#) noted a striking lack of foreign policy and national security references in Obama's speech. [Sebastian Mallaby](#), director of CFR's Center for Geoeconomic Studies, said "U.S. economic policy is trapped in a box from which there are no easy escapes." CFR Director of Studies [James M. Lindsay](#) said Obama faces a tough road in gaining Republican adherents to initiatives they have already staunchly opposed. But CFR Senior Fellow [Edward Alden](#) found opportunity for bipartisan support in proposals such as expanding exports and investing in research to encourage innovation. [Michael A. Levi](#), director of CFR's Program on Energy Security and Climate Change, noted difficulties ahead but said Obama's emphasis on energy issues likely heartened supporters of clean energy and climate bills. [Stewart M. Patrick](#), who directs CFR's Program on International Institutions and Global Governance, cited an absence of mention of the Afghan war and democracy and human rights issues.



**[Richard N. Haass](#), President, Council on Foreign Relations**

Last night's address was noteworthy for many reasons, but one reason has largely been overlooked: It was the first post, post-9/11 State of the Union speech given by an American president. Foreign policy and national security did not merit a mention for an hour, and then received only ten minutes. This bias reflects the economic and political rationales for focusing on the economy and jobs, but it also reflects the relative calm in the world.

It would have been a very different speech had the Detroit bomber proved less incompetent, had casualties in either Iraq or Afghanistan been higher, or had either Iran or North Korea crossed an

additional nuclear threshold or committed a particularly threatening act. Indeed, it is likely more a question of when than if the United States will have to cope with a successful terrorist incident, increased casualties in one or more theaters, or a new nuclear challenge.

If there is a criticism to be made of last night's speech, it is that, with its focus on the domestic economy, it did not prepare the American people for any of these possibilities. One prediction: This president will not have the luxury of devoting so little attention to the world in future States of the Union, if only because the state of the world is unlikely to permit it.



**Sebastian Mallaby**, Director of the Maurice R. Greenberg Center for Geoeconomic Studies and Paul A. Volcker Senior Fellow for International Economics

President Barack Obama's State of the Union address demonstrated that the economic challenges he faces are in some ways more daunting than those of a year ago, when a descent into a 1930s-style Depression seemed possible. Then, the imperative was to pump money into the financial system and the economy to avert a meltdown; the crisis freed the president from having to worry about the sustainability of his measures. Now, the administration must balance today's demands against tomorrow's worries. The result was a speech that treaded uneasily between conflicting objectives--continued stimulus and budget retrenchment.

The president's immediate priority is job creation. Even though the U.S. economy is reckoned to have grown at an annual rate of more than 5 percent in the fourth quarter of last year, unemployment stands at 10 percent--and more if you add in so-called discouraged workers who have given up looking for jobs. The disparity between respectable growth and painfully high levels of unemployment is not the president's fault and probably also not something he can fix--job creation always comes late in a recovery. But politically, Obama had no choice but to promise efforts to fight unemployment. He endorsed a second stimulus that the House has passed and that the Senate is working on. He promised tax cuts for small businesses, an effort to funnel loans to them via community banks, and a vague plan to double exports. If any of these measures qualified as obvious job creators, the president's team would have included them in the much larger stimulus last year.

Even as he endorsed more spending on job creation, the president promised to freeze discretionary federal spending for three years, starting in 2011. As with unemployment, the sheer size of the deficit obliges the president to propose remedies--at around 12 percent of GDP, the budget gap is clearly not sustainable. But just as with unemployment, it is not clear that the president has the tools to tackle the problem. His proposed spending freeze will not touch entitlements or defense spending, which account for the lion's share of federal outlays. The bipartisan commission on the budget that the president called for is unlikely to provide a way of raising taxes and cutting entitlements that can pass Congress. For all its bipartisan tone and soaring eloquence, the State of the Union speech could not disguise the fact that U.S. economic policy is trapped in a box from which there are no easy escapes.



**Michael A. Levi**, David M. Rubenstein Senior Fellow for Energy and the Environment and Director of the Program on Energy Security and Climate Change

President Obama's State of the Union address devoted more attention to energy policy than any since President Carter's addresses in 1978 and 1980 (though President Bush's 2006 address came close). The sheer weight devoted to the

energy and climate agenda will encourage those who feared that the president was preparing to largely abandon that agenda for the rest of this year. Yet while his ambitions are sound, Obama faces an uphill battle to pass serious clean energy and climate legislation in this Congress.

The president did not focus on policy details. Instead, he aimed to frame and sell his broader agenda. He cast his call for clean energy and climate legislation in increasingly familiar terms: Rather than emphasizing the threat of climate change or even U.S. dependence on oil, he focused on the potential for investment in efficiency and clean energy to create jobs; rather than just talking up wind and solar, he emphasized clean coal, nuclear power, and offshore oil and gas. This all polls well, but it remains to be seen if it is enough to persuade the American people to back a cap-and-trade system, which, while not explicitly invoked by the president, was clearly his target when he lauded House passage last year of energy and climate legislation.

Equally important was how Obama connected U.S. action on energy to what's happening around the world. He did not invoke the progress made at Copenhagen or cite Chinese action in curbing its own emissions to justify U.S. legislation. Instead, he emphasized the competitive nature of the clean energy business and the need for the United States to play a leading role. I'm skeptical of his claim (which he's made before) that "the nation that leads the clean energy economy will be the nation that leads the global economy"--there are not enough jobs to be had or profits to be made in the energy sector to make the decisive difference to U.S. competitiveness. That rhetorical stretch aside, though, Obama is correct when he calls for the United States to take a leading role in the clean energy race, and asserts that government support will be essential to making that happen.

The political climate for doing any of what the president wants is extraordinarily difficult. Supporters of clean energy and climate legislation have long insisted that the only hope was in presidential leadership. They can take some heart from Obama's words and emphasis tonight.



**Edward Alden, Bernard L. Schwartz Senior Fellow**

President Obama's best bipartisan applause line of the speech--"I do not accept second place for the United States of America"--should become the mantra for his administration's effort to revive its faltering agenda. It captured the central theme of his speech--that the failure of those in the country's most powerful institutions to rise above their narrow, immediate interests has paralyzed America's ability to tackle an urgent series of challenges that threaten its future prosperity and global leadership. Yet while Washington fiddles, Wall Street gambles, and the media chortles, other countries are moving ahead.

His agenda for reviving U.S. economic competitiveness is one that likely will command bipartisan support. Investing in basic research to encourage innovation, expanding exports, upgrading education, and lowering the burden of college loans are all goals that cross party lines. And it was encouraging that the president ignored the prevailing political wisdom that he should turn away from trying to fix the failures of current energy and healthcare policies. Those are sectors that should be leading the United States into the future rather than holding it back.

Two discouraging notes. On trade, after rightly pointing out that the United States will pay the price in jobs if it sits on the sidelines while other nations negotiate new trade-opening agreements, Obama made no pledges to seek congressional passage of the stalled trade deals with South Korea, Colombia, and Panama. Though the European Union started well after the

United States in its trade negotiations with Korea, it now looks like the EU will get to the finish line first. And on immigration, Obama was all but silent on his campaign pledge to reform the country's antiquated and dysfunctional immigration laws. The U.S. economy has long been lifted by attracting the brightest and most ambitious immigrants. Many are now looking elsewhere.



**Stewart M. Patrick, Senior Fellow and Director, Program on International Institutions and Global Governance**

As anticipated, foreign policy issues got short shrift in President Obama's first State of the Union address, which focused overwhelmingly on pocketbook issues. In his brief forays into international affairs, the president portrayed himself as a wise steward of the global economy and U.S. national security. But what he left unsaid was as significant as what little he mentioned.

Obama rightly took credit for the signal foreign policy success of his first year in office: taking decisive steps to help arrest the worst economic crisis in seven decades. By coordinating its actions with other governments, his administration helped restore the solvency of the global financial system and safeguard open world commerce--no mean achievements. The president pledged further steps to rebuild American prosperity, including an ambitious trade program to "double our exports over the next five years." Given protectionist elements in his own constituency, delivering on this agenda will require forging bipartisan support on Capitol Hill.

For Americans unsettled by the foiled Christmas bombing attempt on a U.S. airliner, the president reassured them that his administration is making strides against al-Qaeda. He likewise reaffirmed his vision of a world free of nuclear weapons, beginning with a nuclear arms accord with Russia and the first summit on nuclear security in Washington this April.

Less persuasive was the president's assertion that his "new era of engagement" had cemented global resolve to confront North Korea and Iran. As in the past, the president promised that "as Iran's leaders continue to ignore their obligations, there should be no doubt: They, too, will face growing consequences." The question is whether he is prepared to turn America's own outstretched hand into a clenched fist--and whether he can persuade Russia and China to do the same.

The speech's omissions were striking. The biggest was Obama's reticence to discuss the war that has become his own--Afghanistan. The president made no effort to clarify the objectives of this massive U.S. effort or the indicators he will use to judge "success." Nor did he resolve the internal contradictions between his espoused commitment to victory and his pledge to begin troop withdrawals by July 2011.

Another gap was the lack of any significant discussion of human rights and democracy as animating goals of U.S. foreign policy. True, Obama declared that "America must always stand on the side of freedom and human dignity." But his limited attention to these matters--both in his speech and his presidency to date--is a far cry from the Bush administration's "freedom agenda." If George W. Bush presided over what might be termed a Wilsonianism without international institutions, President Obama must beware making the opposite mistake--pursuing a Wilsonianism of multilateral cooperation, but without human rights and democracy promotion.

Finally--and perhaps this is expecting too much of such an address--the foreign policy sections of the speech seemed uninformed by any larger strategic vision about the nature of contemporary

geopolitics, including the challenges posed by China and other rising powers. Indeed, the speech made no mention, even obliquely, of America's traditional allies and alliances.



**James M. Lindsay, Senior Vice President, Director of Studies, and Maurice R. Greenberg Chair**

Barack Obama earned a reputation during his run for the White House for giving his best speeches when he most needed them. In his 2010 State of the Union address, he showed that he retains his gift for rising to the occasion.

Obama's challenge when he stood before Congress was straightforward: to reconnect with voters by making the case that his legislative agenda addressed their concerns about jobs, deficits, and the ailing U.S. economy. He made his case with a mix of apple pie ("I do not accept second place for the United States"), populism (Wall Street "can afford a modest fee to pay back the taxpayers who rescued them"), humor ("we all hated the bank bailout"), and grit ("I don't quit").

President Obama's eloquence and passion no doubt left many of his supporters wondering where this speech was last summer, when polls first showed growing public worries that he had lost sight of what they had elected him to do. The more important question, though, is whether the president's speech will have any lasting effect.

Obama offered Republicans little that might make them cheer. He reiterated his calls for healthcare and financial reform, called on the Senate to pass a cap-and-trade-bill to deal with climate change, and urged Democrats to fight for his agenda and "not run for the hills." Democrats might choose to stand with the president, but the price tag for securing Republican support for his agenda has only gone up since Scott Brown's surprising victory in the Massachusetts' Senate election earlier this month.

The partisan divisions in Washington run too deep to be bridged or bypassed by any single speech, even one that is ably delivered. Obama's task now is the tough, messy one of turning his promises into achievements. Legislating is difficult under any circumstances; it is especially so in an election year when the opposition party believes political trends are running in its favor. But if Obama fails to move his legislative agenda--or to paint Republicans as unyielding obstructionists--he is likely to hear less applause and more stony silence when he delivers the State of the Union address in 2011.

Weigh in on this issue by emailing [CFR.org](http://CFR.org).