



**ADDRESS TO THE STUDENTS OF ICAM
ON THE SIGNIFICANCE OF THE 2008 AMERICAN
PRESIDENTIAL ELECTION**

BERTRAND RIOUST DE LARGENTAYE

Institut catholique des arts et métiers
Carquefou, January 19, 2009

BERTRAND RIOUST DE LARGENTAYE is Counsellor to the Permanent Delegation of the European Commission to the OECD and the UNESCO.

The views expressed in this article are the sole responsibility of the author.

It is a pleasure to be here with you this afternoon. I should start by thanking François-Xavier Le Van and Geneviève Baines for their kind invitation and by specifying that I will be speaking in a personal capacity, not as a European Commission official. I am not on duty as I have taken the day off. So please do not make my employer accountable in any way for what I am about to say.

Seventy-six days after the election that was held on November 4, a new American president will be taking office. Tomorrow is Inauguration Day. All the world will turn its eyes to the swearing-in ceremony and to the inaugural address that will follow. Eight years where, by and large, Europe and America have been drifting apart will come to an end. This is not to say that from now on all will be sweetness and light. National interests being what they are, they will continue to clash from time to time. And yet this will truly be a defining moment for America, for Europe and for the world.

Let us start by recalling the results of the election. Senator Obama won a clear victory, carrying swing states such as Ohio and Florida and states that hadn't voted for a Democratic presidential candidate for decades such as Indiana, Virginia and North Carolina. His rival, Senator John McCain, carried just one major state, Texas, though he did get 57m votes to Obama's 62 or 63. In both houses of Congress, the Democrats won 59% of the seats. So the Democrats will have 59 senators which is just one short of the number required to block filibusters.

In order to understand the significance of what is about to happen, I will begin by saying a few words on some of President-elect Obama's key appointments, many of which are subject to Senate confirmation. Then we will turn to the state of the economy. Finally, in what will really be the core of this presentation, the main course you might say, we will look at fourteen different issues where major departures from the outgoing president's agenda are to be expected. When President Wilson decided to enter the First World War, he made his objectives clear by listing fourteen points. Here we will be examining fourteen different issues.

Some key appointments

Mr. Obama has been following the lead of another well-known Illinois politician, Abraham Lincoln, in appointing major rivals to senior positions in his Cabinet and brain trust. He may have chosen something not unlike a national unity approach as the best way to tackle the very serious crises he will be facing from Day One. In this section, we will first look at the Cabinet, then at the White House staff and finally at some other key appointments. In some cases, I will be drawing your attention, in a selective and arbitrary way, no doubt, to statements made by the nominee or to positions previously held by him or her. To many it looks like a dream team but you may choose to see it differently.

The Cabinet

SECRETARY OF STATE HILLARY CLINTON. SHE IS ON RECORD AS HAVING SAID THAT THE NEXT US PRESIDENT "MUST BE READY TO SAY TO THE WORLD THAT AMERICA'S POSITION (ON ISRAEL) IS UNCHANGING, OUR RESOLVE UNYIELDING AND OUR STANCE NON NEGOTIABLE".

SECRETARY OF THE TREASURY TIMOTHY GEITHNER. HE DOES NOT HAIL FROM A WALL STREET INVESTMENT BANK AND HE IS AMONG THE TOUGHEST ON THE NEED TO RE-REGULATE THE FINANCIAL INDUSTRY: HE SOUGHT WAYS TO BETTER MONITOR THE TRADE IN UNREGULATED AND LITTLE UNDERSTOOD DERIVATIVES. HE EARNED PLAUDITS FOR HIS HANDLING OF THE WALL STREET MELTDOWN, BUT IS UNDER FIRE FOR HAVING FAILED TO PAY \$34.000 INTAXES BETWEEN 2001 AND 2004. EXCHANGE RATE POLICY IS THE RESPONSIBILITY OF THE US TREASURY

SECRETARY OF DEFENCE ROBERT GATES. HE IS THE INCUMBENT (AND A REPUBLICAN) AND IS CONSIDERED TO HAVE SUCCESSFULLY IMPLEMENTED THE “SURGE” POLICY IN IRAQ.

ATTORNEY GENERAL ERIC HOLDER WHO WILL BE HOLDING A CRUCIAL POST TO RESTORE THE RULE OF LAW (TO SEE TO IT THAT CITIZENS ARE NO LONGER WIRETAPPED WITHOUT AUTHORITY, THAT THE USE OF TORTURE IS NO LONGER SECRETLY PERMITTED, THAT EXTRAORDINARY RENDITIONS ARE DEFINITELY A THING OF THE PAST, THAT PROSECUTORS ARE NOT DISMISSED ON POLITICAL GROUNDS...). HE IS UNDER FIRE FOR HIS ROLE IN PARDONING MARC RICH AT THE END OF THE CLINTON ADMINISTRATION.

SECRETARY OF HEALTH TOM DASCHLE. HE WILL ALSO BE THE DIRECTOR OF THE WHITE HOUSE OFFICE ON HEALTH CARE REFORM

SECRETARY OF ENERGY STEPHEN CHU. HE IS A STRONG ADVOCATE OF RESEARCH INTO NUCLEAR POWER AND WAS AWARDED THE NOBEL PRIZE FOR HIS WORK IN PHYSICS.

A YET TO BE APPOINTED SECRETARY OF COMMERCE, FOLLOWING THE WITHDRAWAL OF GOVERNOR RICHARDSON US AMBASSADOR TO THE UN SUSAN RICE. SHE HAS SPOKEN ELOQUENTLY ON THE NEED TO INTERVENE TO PROTECT AND WILL HAVE CABINET RANK.

SECRETARY FOR HOMELAND SECURITY JANET NAPOLITANO; SECRETARY OF EDUCATION ARNE DUNCAN; SECRETARY OF AGRICULTURE TOM VILSACK; SECRETARY OF HOUSING SHAUN DONOVAN; SECRETARY OF THE INTERIOR KEN SALAZAR; SECRETARY OF LABOUR HILDA SOLIS; SECRETARY OF TRANSPORTATION RAY LAHOOD (REPUBLICAN); SECRETARY FOR VETERANS' AFFAIRS ERIC SHINSEKI

White House Staff

VICE PRESIDENT JOSEPH BIDEN IS THE FORMER CHAIRMAN OF THE SENATE FOREIGN RELATIONS COMMITTEE. HE WILL BE HEADING A TASK FORCE ON ISSUES HURTING THE US MIDDLE CLASS.

CHIEF OF STAFF RAHM EMANUEL. SOME OBSERVERS HAVE DRAWN ATTENTION TO HIS CLOSE CONNECTIONS TO THE ISRAEL LOBBY, MORE SPECIFICALLY TO THE AMERICAN ISRAELI PUBLIC AFFAIRS COMMITTEE (AIPAC), AND, MORE CONTROVERSIALLY, GIVEN THAT HE CANNOT OF COURSE BE HELD ACCOUNTABLE FOR HIS FATHER'S CHOICES, TO THE FACT THAT HE IS THE SON OF A FORMER MEMBER OF THE IRGUN, A MILITANT – SOME WOULD SAY TERRORIST – ZIONIST GROUP THAT OPERATED IN PALESTINE IN THE 1930S AND 1940S. RAHM EMANUEL JOINED A MILITARY RECRUITMENT OFFICE IN ISRAEL AS A MECHANIC AT THE TIME OF THE FIRST GULF WAR AND THERE WILL NO DOUBT BE THOSE WHO WILL SAY THAT HIS APPOINTMENT IS TANTAMOUNT TO GIVING ISRAEL THE KEY TO THE OFFICE OF THE PRESIDENT OF THE UNITED STATES. AN ISRAELI PAPER, MAARIV, HAS ALREADY REFERRED TO HIM AS “OUR MAN IN THE WHITE HOUSE”

SENIOR WHITE HOUSE ECONOMIC ADVISER AND DIRECTOR OF THE NATIONAL ECONOMIC COUNCIL LAWRENCE SUMMERS. HE WAS AN ADVOCATE OF A STRONG DOLLAR POLICY IN THE 1990S.

SENIOR ADVISER DAVID AXELROD. HE COULD IN SOME WAYS TURN OUT TO BE OBAMA'S KARL ROVE.

HEAD OF THE ECONOMIC RECOVERY ADVISORY BOARD, A NEWLY FORMED BODY, PAUL VOLCKER, FORMER FED CHAIRMAN

WHITE HOUSE CO-ORDINATOR OF ENERGY AND CLIMATE POLICY CAROL BROWNER. SHE HAS BEEN A VOCAL CRITIC OF BUSH'S RECORD ON THE ENVIRONMENT AND WAS ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY UNDER BILL CLINTON.

PRESIDENTIAL SCIENCE ADVISER JOHN HOLDREN, AN EXPERT IN THE FIELDS OF ENERGY, THE ENVIRONMENT AND NUCLEAR PROLIFERATION. HE HAS ARGUED PUBLICLY FOR SWIFT ACTION ON CLIMATE CHANGE.

CO-CHAIRMEN OF THE PRESIDENT'S COUNCIL OF ADVISERS ON SCIENCE AND TECHNOLOGY, GENETICISTS HAROLD VARMUS, A NOBEL PRIZE WINNING CANCER RESEARCHER, AND ERIC LANDER, WHO HELPED GUIDE THE EFFORT TO SEQUENCE THE HUMAN GENOME

NATIONAL SECURITY ADVISER JAMES JONES, A RETIRED MARINE GENERAL WITH FORTY YEARS OF MILITARY EXPERIENCE, A BACKGROUND IN COMPLEX CO-ORDINATING ROLES, AND BIPARTISAN CREDENTIALS. HIS OTHER PRINCIPAL BRIEF – CO-ORDINATING THE POLICY-MAKING PROCESS AMONG POWERFUL CABINET AND AGENCY CHIEFS – HAS OVERWHELMED MANY OF HIS PREDECESSORS AND HILLARY CLINTON VERY MUCH SEES HERSELF AS BEING IN CHARGE. YET JONES, A FLUENT FRENCH SPEAKER FROM HAVING GROWN UP IN FRANCE, HAS THE POTENTIAL TO BE THE STRONGEST NATIONAL SECURITY ADVISER SINCE BRENT SCOWCROFT, GIVEN HIS EXPERIENCE, PERSONAL QUALITIES AND CREDIBILITY WITHIN WASHINGTON AND AMONG MAJOR US ALLIES. GENERAL JONES SEEMS OPEN TO THE IDEA OF DEPLOYING NATO TROOPS ON THE WEST BANK. IF OBAMA AND JONES CAN FORM A STRONG WORKING PARTNERSHIP, IT WILL BOLSTER THE PRESIDENT'S ABILITY TO CHANGE THE COURSE OF US FOREIGN POLICY, BY EMPHASISING PRAGMATIC DIPLOMACY.

CHAIR OF THE COUNCIL OF ECONOMIC ADVISERS CHRISTINA ROMER; CHIEF PERFORMANCE OFFICER NANCY KILLEFER (NEW POSITION); US TRADE REPRESENTATIVE RON KIRK; DIRECTOR OF NATIONAL INTELLIGENCE ADMIRAL DENNIS C. BLAIR; CHAIR OF THE WHITE HOUSE COUNCIL ON ENVIRONMENTAL QUALITY NANCY SUTLEY

Four other key appointments

DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET (OMB) PETER ORSZAG (A CRITICAL POSITION)

HEAD OF THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (PART OF THE DEPARTMENT OF COMMERCE) JANE LUBCHENKO. THIS IS THE GOVERNMENT AGENCY RESPONSIBLE FOR STUDYING THE CLIMATE, AND ALSO FOR KEEPING AN EYE ON MARINE LIFE.

DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY LEON PANETTA (FORMER WHITE HOUSE CHIEF OF STAFF). MR. PANETTA IS ON RECORD AS HAVING SAID THAT THE AGENCY'S INTERROGATION PROGRAM AMOUNTED TO TORTURE. CONGRESSIONAL LEADERS AND THE INTELLIGENCE COMMITTEES WERE NOT INFORMED OF THIS IMPENDING APPOINTMENT WHICH CAUSED QUITE A CONTROVERSY

ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY LISA JACKSON.

The tables have been turned on the critics who expressed their concern at Senator Obama's lack of experience. The new team is awash with experienced people, most of them from Bill Clinton's administration. There are very few newcomers, besides Obama himself. The imbalances have to do with geography, gender and professional background. There is no Southerner in any top job. There are very few women and there is hardly anyone from the private sector.

The immediate challenge: preventing the economy from collapsing

Seventy six years after 1933, the President's brain trust will again start by concentrating on the best ways of steering the economy out of a severe downturn. The economy, which has been in recession for the last thirteen months (the financial downturn became an economic downturn in the first quarter of last year), has been losing about half a million jobs in November and December and may soon lose much of its car industry. The budget deficit this year is likely to reach \$ 1.3 trillion or 8% of GDP. Over the last eighteen months the loss of equity has reached \$32tn (US GDP is \$14tn). Bank write-offs in 2008 amounted to \$1tn, two thirds in the US, the other third in Europe. Mr. Obama identifies the economic and financial crisis as his biggest challenge.

Analysing what has happened in Keynesian terms, one would need to highlight a sudden contraction in the propensity to consume, as people desperately try to repay an increasing debt burden without being able to borrow more, because of the falling value of their main asset, and as they try to save for an increasingly likely rainy day. That of course does not translate into an increase in aggregate savings, but it does trigger a considerable contraction in production and income. The economy could be contracting by 2.5% this year.

If people want to save more, the only way to satisfy their new propensity, assuming one wants to keep production at or near full employment levels, is for investment to rise. And as private investment will not naturally take up this role at a time when consumption is plummeting, it will be up to the government to play the part. Publicly financed programmes will have to pick up the slack.

As the next head of the National Economic Council, Mr. Summers is widely expected to be the chief architect of the new administration's response to the financial meltdown. Larry Summers is a former chief economist at the World Bank, a former Secretary of the Treasury, a former head of Harvard University. Some observers would argue nevertheless that his record is mixed. They point out that, as Treasury Secretary, he joined Alan Greenspan in heading off attempts to regulate the derivatives market. With Greenspan he argued that the United States had more or less brought the business cycle to heel. Mr. Summers' ambition is to be the next chairman of the Fed (Mr. Bernanke's term expires in 2010).

Mr. Obama is planning a fiscal stimulus of around \$800bn over the next two years. The planned stimulus, or "American Recovery and Investment Plan", will have to go through various congressional committees, where one can expect disagreements over strategy, before being signed into law by the President, probably on February 13. One will come up against the familiar Democratic-Republican divide over spending increases or tax cuts, Democrats preferring the former and Republicans the latter. Mr. Obama is proposing a sensible compromise, a split roughly 60:40 in favour of spending increases.

Getting a grip on the housing situation, especially on lending and foreclosures, will be critical to any successful recovery programme.

A review of fourteen different issues where major departures from the Bush agenda can be expected

Dealing with the domestic economy

First issue: fighting unemployment through a federal works programme inspired by Eisenhower's interstate highway programme (building and rehabilitating roads, schools and other public infrastructure)

2008 has been the worst year for job losses since 1945. Unemployment now officially stands at 7.2% of the workforce, but if one includes part-time workers looking for employment the figure rises to 14%. The previous peak was 10% in 1982 and could well be reached again this year. During the Great Depression unemployment hit 25% in the US. Mr. Obama has said the troubled asset relief programme (Tarp), which he has promised to overhaul, will be a crucial part of his plan to stabilise the economy, together with the proposed fiscal stimulus package. His new target is to save or create 4m jobs, up from his previous goals of 2.5 and then 3.

Keeping the American economy at or near full employment is part of the mandate of the Federal Reserve Board (which is not the case for the European Central Bank) and will of course help the economies of the main outside purveyors of the American market, China, Europe and Japan.

Second issue: the federal budget (rolling back Mr. Bush's individual and corporate tax breaks, due to expire at the end of next year, yet running a record Keynesian counter-cyclical deficit)

According to the Congressional Budget Office (CBO), the US budget deficit is likely to reach nearly \$1200bn this year or 8.3% of GDP even without taking into account Barack Obama's planned fiscal stimulus of around \$ 800bn over a two year period. The deficit would thus threaten to exceed the post war record of 6% of GDP set in 1983. Revenues are on track to

fall 6.6% this financial year while government spending would rise 17%. America's publicly held debt could rise from a perfectly reasonable 41% of GDP in 2008 to 54% in 2010, a 55 year high. At one point during the Second World War the deficit exceeded 30% of GDP. Under current tax and spend policies, it is headed towards 400% by mid-century.

95% of working Americans will be getting tax cuts, \$500 per worker or \$1000 per household. Only those earning more than \$250,000 will see an increase in their tax; their tax rates will be brought back to their level in the 1990s.

President Obama will be adding to the pressure for further scrutiny on tax havens. He has commented: "We need to crack down on individuals and businesses that abuse our tax laws so that those who work hard and play by the rules aren't disadvantaged."

Third issue: reversing the trend towards economic deregulation which began in the late 1970s

The financial and economic crisis has reminded the world that markets are not self-regulating. Mr. Obama has talked about the need for regulatory consolidation. For some observers many of the regulatory watchdogs put in place at the time of the New Deal have turned into lapdogs. The Glass Steagall Act was abolished under Clinton.

Following a policy shift the Securities and Exchange Commission allowed investment banks to increase their leverage from about 15 to one to as much as 40 to one.

Instead of de-regulation, President Obama will be ushering in a period of re-regulation (yet Rubin, with Summers, helped tear down the regulatory walls between banks, brokerages and insurance companies and freed them to trade in unregulated and little understood derivatives worth trillions of dollars).

Because no firm or financial company of systemic importance can be allowed to fail, more intrusive supervision that limits risk-taking and thus profitability is inevitable.

The bail-out law requires Mr. Obama to decide by May how to regulate derivatives and hedge funds. Eventually he must also decide whether to merge or reassign the responsibilities of America's multiple federal and state regulators.

Relating to the rest of the world's economy

Fourth issue: trade policy

Mr. Obama has argued that (free) trade agreements have been written to help the wealthy, not average Americans, and has urged that a number of them, including NAFTA, the North American Free Trade Agreement, be renegotiated though how realistic that is, is open to doubt. Rahm Emanuel played a key role in getting NAFTA approved under Bill Clinton. Mr. Obama has emphasised fair (rather than free) trade and has supported the inclusion in trade agreements of provisions relating to work standards and to the environment.

For free traders the 1930 Smoot Hawley Act, which raised US tariffs on many imported goods, is the bogeyman. A return to protectionist policies must be avoided at all costs. Mr. Obama is a disciple of Professor Jagdish Baghwati, who thinks Smoot Hawley caused the Wall Street crash to metastasize into a global slump.

Mr. Obama has named a free trader as US trade representative, and a free trade opponent as Labour Secretary, reflecting a split in his team over the issue.

Energy and the environment

Fifth issue: energy policy (a decade-long project to shift America to a new energy economy)

Energy policy is one of the areas where Mr. Obama has the most ambitious goals, and where his administration is likely to make the greatest difference.

The twin objectives of strengthening US energy security and fighting climate change point towards radical policies that are set to raise the cost of energy and bring about the most profound shake-up in the industry for more than two decades.

There will be a big push on alternative energy but the recent drop in oil prices will reduce the pressure for doing so.

America currently pays \$700bn a year to oil-exporting nations.

Obama's goal to impose a windfall profits tax on oil companies is sure to draw intense opposition from the business lobby, while his promise to expand untested "clean coal" technology will anger the green movement.

The position the new administration will take on the future of nuclear power in America remains an open question.

Sixth issue: climate change

The new administration will be rejoining global efforts to curb greenhouse gas emissions responsible for global warming. Mr. Obama has committed himself to an 80% reduction in greenhouse gas emissions by 2050, and has set himself several intermediate objectives. He wants a national trading scheme for carbon dioxide emissions, in which companies would have to pay for all permits. He has also proposed targets for the proportion of the US's electricity to be derived from renewable sources: 10% by 2012 and 25% by 2025. That should ensure a major boon for wind and solar power. Obama wants to create 5m jobs over the next ten years by spending \$150bn to promote cleaner technology. The US will work in the UN framework for a climate change agreement.

Social issues

Seventh issue: inequality, redistribution, Social Security (roughly speaking, pensions in European parlance), Medicare (health care for the elderly) and Medicaid (health care for the poor).

With baby boomers about to retire in growing numbers, the cost of America's public health and retirement programmes, the most notorious of its entitlement programmes, if left unchanged, will rise from 8 to 19% of GDP by 2050.

Eighth issue: education, science and values

A quarter of US teenagers drop out before graduation, underscoring the need for an education overhaul when George Bush's No Child Left Behind (NCLB) policy expires this year, though it must be pointed out that most education decisions are made at state level.

The president-elect has promised to double the budget for basic science research over the next decade. He wants decisions based on facts and science as opposed to what is politically expedient.

Ninth issue: health care (the twin goals of near universal health care coverage and of reducing the cost of health care)

The president-elect seeks to secure a goal that has eluded US Progressive and Democratic leaders from Theodore Roosevelt to Harry Truman to Bill Clinton over the course of a century: universal or near universal health coverage. Hillary Clinton's plan for universal coverage failed fourteen years ago.

At the same time, he aims to transform the economics of the healthcare industry – a sector that accounts for 15% of the US economy – by eliminating wasteful spending and bending the curve on health care inflation, while also seeking to improve public health.

The key to expanding coverage is to make health insurance more affordable and more accessible.

Mr. Obama plans to offer \$110bn (€84bn) to \$120bn in subsidies to lower-income Americans (about half of which is supposed to come from savings within the health budget) and create a health exchange where people who do not have access to company-sponsored plans can purchase insurance policies as part of large risk pools with low administrative costs.

Mr. Obama proposes a ban on all risk-based pricing. Companies that do not provide their own health plans will have to pay a levy.

Health economists say that up to \$800bn a year in US health spending is wasted.

The Obama plan relies on prevention, reduced administrative costs and smart buying using data generated by investments in health information technology and comparative effectiveness trials.

Foreign affairs

Much as on the domestic scene the new administration will be putting a premium on national unity rather than divisiveness, in the foreign policy field it should be stressing engagement rather than confrontation. Mr. Obama wants a stronger State Department to take a more active role in applying "soft power".

Tenth issue: a return to multilateralism and to the recognition of the need for more engagement with the rest of the world

America's foreign policy should be based on the idea of reinvigorating international institutions to deal with transnational threats like climate change, which America can't solve on its own.

Reinventing the international system could become one of the central legacies of the Obama Administration. The extraordinary impact of the president-elect on the imagination of humanity is an important element in shaping a new world order. Obama, unlike his predecessor, views the United Nations as an essential instrument of US foreign policy.

Eleventh issue: opening direct dialogues with Syria and Iran

During the Democratic primaries, Obama said he would hold direct talks with hostile states. Despite a firestorm of criticism in the media – including

from his then rival Clinton – Obama held to his position. Now Clinton will be in charge of implementing it.

In the case of Iran, the main purpose of the direct dialogue will be to address the threat of nuclear proliferation, to which we will turn later. Dennis Ross, a former diplomat from the Clinton years, could become Hillary Clinton's special envoy covering Iran, much as former UN ambassador Richard Holbrooke, who brokered a peace deal in the Balkans, should be appointed to cover Afghanistan and Pakistan. America has not had diplomatic relations with Iran since 1979.

A thaw in relations with Cuba could also be in the making: a half-century-old embargo has failed to weaken the communist government and signs of openness are beginning to show under the new rule of Raul Castro.

Defence policy

Twelfth issue: pulling out of Iraq and increasing the deployment of US and NATO forces in Afghanistan

Mr. Obama, together with Messrs. Howard Dean and Al Gore, was one of the very few American politicians to have condemned the invasion of Iraq right from the beginning, back in March 2003, and managing the transition in Iraq is now going to be one of his top priorities. The plan is for a withdrawal of all US combat forces (140.000 strong) from Iraq over a sixteen month period and for a “surge” in Afghanistan (where the number of US combat forces number 35.000 to 40.000). General Lute at the National Security Council will be co-ordinating on Iraq and Afghanistan.

Thirteenth issue: Europe

Mr. Obama was not a very active chairman of the European affairs sub-committee of the Senate foreign relations commission. His personal background has more to do with Asia and with Africa than with Europe, though on many issues (health care, climate change, multilateralism...) his views

are closer to the European mainstream than are those of the man about to become his predecessor. He was not as vocal a critic of the Russian counteroffensive in Georgia as was his rival for the presidency, John McCain. He has been outspoken in his assessment that Europe will have to increase its share of the burden of the military campaign in Afghanistan, a campaign which he intends to escalate.

Fourteenth issue: shutting down the notorious Guantanamo detention facility

Guantanamo has now been operating for seven years as a detention centre. Closing Guantanamo in a responsible way, putting a clear end to torture and restoring a balance between the demands of US security and the US constitution will figure prominently among the new administration's objectives. Yemen is home to more than a third of the remaining 250-odd Guantanamo inmates. An announcement on the closing down of the facility could be made tomorrow. Mr. Obama is expected to issue an executive order in his first week in office closing down Guantanamo Bay, but the measure cannot be implemented until the detainees are repatriated or jailed in the US mainland.

Not since the inauguration of John F. Kennedy forty eight years ago has a new administration come into office with such a reservoir of expectations. The challenges are awe-inspiring and yet the talent needed to rise up to them seems to be there. Mr. Obama's team is impressive, much as “The Best and the Brightest” surrounding President Kennedy were. Let us hope that they prove better at mastering the issues of the day.