There are a lot of good reasons to come to Ottawa, including seeing so many good friends, but I think this will always be an historic occasion because I heard my good friend and former colleague Marty Feldstein finally talk about more spending in Washington positively, and I think that makes it an historic day.

The first panel was absolutely right on target, but they reminded me of the pessimistic kid who opens his box, his gift at Christmas, smells it, and says that is horse manure. This panel is the optimistic kid who unties the ribbon, smells the box, and says there must be a pony in here someplace.

I believe that change in Washington isn't really waiting until January 20th at high noon. There are some telling signs already. Senator Ted Stevens is gone. Congressman John Dingell is kind of gone. The White House seems like it is on autopilot. The incoming administration hasn't formally announced even one cabinet appointment, but we know virtually all of them. The president-elect remains in Chicago, which has become the nation's capital for eight more weeks, getting briefed and prepared, and formulating an agenda.

Meanwhile, the stock market heads south for a long, long winter. The domestic automakers are near collapse. Congress remains, obviously, in gridlock. That has not changed. The Republicans are being described by Tom Friedman of The New York Times as knuckle-dragging Neanderthals. The Russians are becoming bolder, Al-Qaeda speaks again, and there is, essentially, drift until January 20th.

Within the first year of the Obama administration, where do the Democrats go — to the center or the left? The Republicans, how and when do they come back? Does Obama focus in his first six months just on economic recovery or on redeeming his commitments during the campaign on healthcare, and taxes, and environment, energy and education, even in light of a likely trillion dollar deficit? How hospitable will be the environment in Washington and how receptive will other nations' capitals be to the era of Obama, even if he cannot possibly meet the high expectations already accompanying his every move?

To examine all of this, we have a senior Republican, definitely not a knuckle-dragging Neanderthal, from Louisiana, a ranking member of the all-powerful Ways and Means Committee who announced his retirement before the tsunami; a Harvard academic and our leader, the expert on soft power and smart power who has served in previous Democratic administrations; and a well-known journalist now with the Peterson Institute on International Economics who has served as chief international economics correspondent, chief diplomatic correspondent, bureau chief in Tokyo and New Delhi, and senior White
Let me just add a few truisms and some personal observations, looking back on the election as prologue to what is likely to happen.

On Election Day, in poll after poll, 90 percent of the American people thought our country was on the wrong track. What that means is that it was a far better year to be a Democrat than to be a Republican. George Bush beat John McCain in 2000, and George Bush beat John McCain again in 2008. His approval rating on Election Day in a major poll was 21 percent, lower than Harry Truman’s or Richard Nixon’s in the depths of their presidencies. His disapproval was 71 percent, which is the highest disapproval of any president since polling began and higher disapproval than Richard Nixon’s on the week he resigned the presidency. It was “the economy, stupid,” one more time.

When we gathered in Washington in April, everybody predicted not the economy but Iraq as the defining issue. Poll after poll indicates that about eight percent of the American people thought it was Iraq and over 40 percent thought it was the economy.

Obama ran a terrific campaign — steady, unflappable and very much to the center. McCain moved to the right during the primaries and stayed there. But this was not a base election like 2000 and 2004, where if you turned out base you won. This was the year of the independent and the soft partisans on the left and on the right.

September in Washington, the melt-down in the House of Representatives, the bailout, I think was the decisive moment in the campaign, so was the appointment of Sarah Palin. What America figured out was that you can’t offer a job to somebody after one job interview. After all, it takes three job interviews at McDonald’s or Tim Horton’s in order to be offered a job. It was a fundamental mistake by John McCain. And the debates were decisive because they gave Barack Obama the opportunity to look like an acceptable alternative — steady, reasoned and reassuring.

The youth turnout, the volunteerism, the attention of the American people, and even cable TV viewership were at all-time highs. That is reassuring as we go forward in our country. And the transition, in my judgment, is really off on the right foot. As my colleagues have said, the appointment of people who know how to get things done in Washington, whether it’s Rahm or now Tim Geithner and Larry Summers or Hillary Clinton at State, I think demonstrates that it isn’t just rhetoric. It is, in fact, being able to enact things in Washington and an understanding of the world, which marks at least the beginning of transition in a positive way. Obviously a lot to go — how he communicates with the American people, how he cultivates the Congress, but at least his initial couple of weeks in transition, I think, have been all positive.
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