

An interview with the president

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AS HE prepares to host a summit in Washington, DC, that will bring together leaders from across Africa, how does Barack Obama see the continent's future (see [article](#))? Does he feel let down by Vladimir Putin? Could he have designed a more elegant health-care law? And why don't more business leaders admit that they have lunch with him?

In his cabin aboard Air Force One, returning to Washington from Kansas City, where he had been speaking about economic policy, the president talked with John Micklethwait, editor-in-chief of *The Economist*, and Edward Carr, our foreign editor. The prompt for the interview was the Africa summit, but the conversation ranged widely through the emerging world, China and Russia and the principles underlying his foreign policy. It ended with a lengthy riposte to those, including *The Economist*, who have criticised the White House for its treatment of business. Mr Obama was unusually relaxed and contemplative, buoyed by the recent economic numbers and looking towards his legacy as well as the mid-term elections and his wrangles with Congress.

Because the interview took place on board a plane with three people hunched round a microphone, the sound quality is less than perfect. You can listen to edited highlights of the president's thoughts on [Africa](#), [Russia](#), [China](#), [multilateralism](#) and [American business](#), or listen to the full interview here. A full transcript, lightly edited for clarity, is available below.

The Economist: Our starting point, on Africa, is we think Africa is the next big emerging opportunity. You don't have to convince us at all that the narrative has changed, that this is a completely new thing. And we've been writing about that a lot. But it strikes me that in Africa you have an opportunity. You have Lagos, an amazing place, full of entrepreneurs, but you also have northern Nigeria, where you've got threats aplenty. I look back at American foreign policy in the past—at emerging Asia. Asia came out, but America really guided it—Kissinger went to China, he helped move it. Do you think America is up for Africa? Do you think America is able to guide it through the next period?

Barack Obama: I think America is not going to do it alone, but I think America can be central in moving Africa into the next stage of growth and integrating it into the world economy in a way in which it's benefitting the people of Africa and it's not just a source of natural resources.

And there are a couple of reasons why I think America can be central in this process. First of all, American companies continue to be an enormous force in the global economy, and in talking to US companies, there is a real recognition of opportunity there. Secondly, I do think that the American traditions of transparency, accountability, rule of law, property rights are ingredients that are critical to unlocking Africa's future. Third, America was, and continues to be, an economy based on ideas, and as we move deeper into the 21st century, our emphasis on developing human capital is something that Africa very much wants and we're good at it.

And finally, what's fascinating about African development is the opportunities that they have to leapfrog certain technologies and skip certain phases of development, and we are very good at

the technologies that allow countries to potentially leapfrog development. So a classic example being in the telecommunications sector. We invented smartphones and there are smartphones everywhere in Africa.

The Economist: They're very good at doing mobile money, though, aren't they? They're much better at banking than—

Mr Obama: Well, when we were out the last time—I started in Senegal during my tour, and talking to small farmers about how they're now getting weather reports, market reports, information on the latest seed technologies, all through their smartphone—those are the kinds of things that we excel at. And to meet a woman who started off with a small plot, who's able to leverage that into a thriving—still small, but profitable operation, those are the kinds of things that I think we can do better than just about anybody else.

The Economist: Your second point about what the US has to bring in, in terms of governance—of course, one of the big factors in Africa and the economy's emergence has been Chinese investment. And they bring a different model. They don't have governance. Is that something that—on the other hand, is that a problem for you? Is that something that you need to confront, or is—actually, at this stage, just the capital and the foreign direct investment all that really matters?

Mr Obama: My view is the more the merrier. When I was in Africa, the question of China often came up, and my attitude was every country that sees investment opportunities and is willing to partner with African countries should be welcomed. The caution is to make sure that African governments negotiate a good deal with whoever they're partnering with. And that is true whether it's the United States; that's true whether it's China.

And I do think that China has certain capacity, for example, to build infrastructure in Africa that's critical. They've got a lot of capital and they may be less constrained than the United States is fiscally in helping roads get built and bridges and ports. On the other hand, China obviously has a need for natural resources that colours their investments in a way that's less true for the United States.

And so my advice to African leaders is to make sure that if, in fact, China is putting in roads and bridges, number one, that they're hiring African workers; number two, that the roads don't just lead from the mine to the port to Shanghai, but that there's an ability for the African governments to shape how this infrastructure is going to benefit them in the long term.

And one of the interesting things we talked about at what was then a G8 summit—the one in Northern Ireland—was how the G7 countries could assist African governments who do have natural resources to build in transparency mechanisms that ensured any infrastructure and any architecture for extraction, in fact, redounded to the benefit of the populations.

The Economist: The other advantage the Chinese have is they don't have Congress. Well, they have a congress but it's somehow more compliant, to use your word this morning. We could both agree that one of the great things would be to have more free trade in Africa if you could push

people. But you face the danger that Congress may give up on the Export-Import Bank and may also get in the way of the African Growth and Opportunity Act (AGOA). These could frustrate your policy.

Mr Obama: There's no doubt that—

The Economist: You'd rather be a dictator. (Laughter.)

Mr Obama: Let's just make sure that we note that that was not my quote. (Laughter.)

There is no doubt that a thread has emerged in the Republican Party of anti-globalisation that runs contrary to the party's traditional support for free trade. How the Export-Import Bank and the Overseas Private Investment Corporation (OPIC) became targets for Tea Party wrath is a little strange to me. But I do think there remains a consensus within the American business community that ultimately we benefit from trade. I am confident that we can get AGOA reauthorised and refined, given the lessons learned from the first round of AGOA. And the truth is that the amount of trade between the United States and Africa is so small relative to our overall economy that in no way should it be perceived as a threat.

I am more concerned about the prospect, for example, that Ex-Im was not reauthorised because I think it will hurt US companies. I'm less concerned about its impact on Africa because I guarantee you that there will be German companies and Chinese companies and Indian companies who rush to fill that void. So when you're talking about a continent with six of the ten fastest-growing economies, we would be cutting off our nose to spite our face to not be engaged and not to encourage strong trade relations. And the business community understands that.

Now, one thing that I want to make sure we emphasise, that multilateral institutions emphasise, and that African governments emphasise is not just trade with the advanced economies but intra-African trade. It is easier now to send a shipment of goods from Nairobi to Amsterdam than it is to send those goods to many parts of Africa. And that is an impediment to trade.

You mentioned Asia as a model. Part of what Asia was able to do was not simply open up markets to the West for cheaper goods, it was also able to foster homegrown businesses in Asia with regional markets that gave an opportunity for businesses to get better, to develop better products, to in some ways avoid competition on the global scale right away. Essentially, you can operate off-Broadway before you open the show on Broadway.

And so the more we can do to also encourage intra-African trade, the better. And we're experimenting with that with the East Africa Trade Initiative that we are helping Tanzania, Kenya, Uganda and other countries move forward on—synchronising their regulatory schemes, reducing some of the bureaucracy and paperwork between borders, planning for joint infrastructure, planning for joint power generation.

We're really excited about Power Africa as a potential transformative effort—the idea that we can double the amount of electricity in sub-Saharan Africa, which can transform everything from businesses to schools.

And there are a whole bunch of different models for generating power. In some cases, particularly in rural areas, if we're building a small power plant, the key is going to be making sure that Kenya and Tanzania, for example, have some sort of cooperative agreement, so that like the Tennessee Valley Authority, it's helping a region and you've got enough customers to justify the economics of the investment. That's the kind of effort that, again, I think America can play a unique role in.

The Economist: The other bit where it could play a unique role is security. I mean, you are the main provider. I've seen a couple of European leaders recently who've said that they think that you see African security as their area, as their backyard, they should be dealing with it. Is that fair or is that the wrong way to depict it? That you would be prepared to expend blood and treasure to help create this new Africa in the same way as America did for Asia?

Mr Obama: It's interesting. The US security presence is always a source of ambivalence everywhere in the world. If we're not there, people think we're neglecting them. If we're there, then they think we're militarising a region. Right now I think we got it about right. Our theory is that we very much need to partner with African countries, first and foremost, and regional African organisations.

And one of the main topics in the summit will be finding ways to strengthen peacekeeping and conflict-resolution efforts by Africans. There are certain countries that carry a very heavy load when it comes to peacekeeping and conflict resolution. And for us to engage in the African Union and ECOWAS to find ways to improve their capabilities so that they are able to police their own neighbourhood can make a huge difference.

We also think that we need to have a much more intentional, explicit plan for NATO to engage with African countries and regional organisations, not because the United States is not prepared to invest in security efforts in Africa, but rather to ensure that we are not perceived as trying to dominate the continent. Rather, we want to make sure that we're seen as a reliable partner. And there are some advantages to some European countries with historical ties being engaged and taking advantage of relationships—

The Economist: So France might be able to—

Mr Obama: France—the Francophone countries—obviously is going to be able to do certain things better than we can. And one of the things we want to make sure of, though, is that when the average African thinks about US engagement in Africa, I don't want them to think that our only interest is avoiding terrorists from spilling out into the world stage. Rather, we want them to see the partnership as comprehensive, and security being one part of our broader agenda.

The Economist: Can I push you a bit on that—using Africa as an example for a thing about general foreign policy? You worked really hard on this idea of getting responsible powers to work together. And I suppose as you look back, you might say the two problems you've had are, first, dealing with people who aren't rational or are extremely difficult to deal with—like Mr Putin—or secondly, the problem is allies who aren't prepared to put stuff in. And South Africa would seem to be emblematic of other new emerging powers. You've got South Africa, you've

got Indonesia, you've got India. A lot of things you've tried to get them to back, they haven't. And why do you think that is? Is that a phase they're going through? What's changing?

Mr Obama: Well, look, there's no doubt that a robust, interventionist foreign policy on behalf of certain principles, ideals or international rules is not a tradition that most countries embrace. And in the 20th century and in the early stages of the 21st century, the United States continues to be the one indispensable power that is willing to spend blood and treasure on that. And part of my job has been to try to persuade countries that the United States will always shoulder a greater burden than others, but we still cannot do it alone given the complexity and interconnectedness of today's world.

So when it comes to South Africa, we recognise a suspicion they may have about meddling too much in the affairs of Zimbabwe, for example. But my argument to them would be, ultimately, as a key regional power, if they fail to invest in the kind of international order or regional order that helps ordinary Zimbabweans thrive, then they're going to have an immigration problem—which they already do. That, in turn, is going to put more pressure on them and their economies. And ultimately, those chickens will come home to roost.

I think there's a recognition that that may be the case, but I think there's still a worry on the part of many regional powers that if they are too meddlesome then they're also exposing themselves to criticism from the outside. And so there's a little bit of a north-south, traditional, non-aligned culture that dates back 20, 30 years that may take some time and may require a new generation of leadership to discard so that they can move forward in a more effective way.

The Economist: It's kind of depressing, because you don't see those powers, not even regionally, but globally, standing up to clear abuses and unravelling of the norms. And, in fact, you see countries like China creating a BRICS bank, for instance—institutions that seem to be parallel with the system—and potentially putting pressure on the system rather than adding to it and strengthening it. Now, China you can understand. But India, Brazil, South Africa—those are countries that really belong in the system, that benefit from the system.

Mr Obama: Well, this is why I say there may be some generational shifts that need to take place. I mean, if you think about a Brazil, an India, a South Africa, much of the leadership in those governments came of age when those countries had very different attitudes towards the global economic system. To their credit, they have made incredible adjustments. If you think about somebody like former Prime Minister Singh of India really dragging this massive, incredibly complicated but incredibly innovative society kicking and screaming into the world marketplace, and below him, though, you've got an entire bureaucracy that was trained in thinking that—

The Economist: By the British? (Laughter.)

Mr Obama:—well, but also that may have been schooled by economists who were experts on dependency theory but not necessarily on how are we going to unleash innovation.

The Economist: What's their incentive to learn?

Mr Obama: So there will be time I think for that to happen. Their incentive is that—is what you just identified—they benefit from the global system.

I mean, ironically, today, if India, Brazil, Indonesia—these emerging countries are to succeed and to absorb very young populations that are seeing what's possible through the internet and have ambitions of the sort that their parents and grandparents never had, the only way to meet those expectations is to dive head first into a global system that is organised, that is fair, that is transparent. And that means that these emerging powers have to be partners in underwriting that order.

Another way of thinking about it is, is that the post-World War II order was necessarily a creation of the United States. There had been times where the United States took advantage of that post-World War II order to extend the reach of its companies and to extend the reach of its products, but now it really belongs to everybody. It's an ecosystem that's been built for everyone.

And when we look at something like the Trans-Pacific Partnership, for example, yes, we think it's good for the United States, but we also think it's good for a country like Vietnam who, in the absence of these kinds of rules, is going to have a very difficult time negotiating with its giant neighbour and getting decent terms of trade. We think it's going to be good for a country like Malaysia that has an interest in maintaining navigation and freedom of movement in the South China Sea.

And I do think that what's happening in the ASEAN countries and their concerns about the Chinese posture on maritime issues is instructive. You've seen many of those countries say, we want great relations with China, we don't want to have to choose between China and the United States; on the other hand, we don't want to be bullied just because we're small.

The Economist: Because that is the key issue, whether China ends up inside that system or challenging it. That's the really big issue of our times, I think.

Mr Obama: It is. And I think it's important for the United States and Europe to continue to welcome China as a full partner in these international norms. It's important for us to recognise that there are going to be times where there are tensions and conflicts. But I think those are manageable.

And it's my belief that as China shifts its economy away from simply being the low-cost manufacturer of the world to wanting to move up the value chain, then suddenly issues like protecting intellectual property become more relevant to their companies, not just to US companies.

One thing I will say about China, though, is you also have to be pretty firm with them, because they will push as hard as they can until they meet resistance. They're not sentimental, and they are not interested in abstractions. And so simple appeals to international norms are insufficient. There have to be mechanisms both to be tough with them when we think that they're breaching

international norms, but also to show them the potential benefits over the long term. And what is true for China then becomes an analogy for many of the other emerging markets.

The Economist: What about the people who are just outright difficult? Russia being the obvious example at the moment. You tried to “reset” with Russia. Angela Merkel spent the whole time telephoning Vladimir Putin. To what extent do you feel let down almost personally by what’s happened?

Mr Obama: I don’t feel let down. We had a very productive relationship with President Medvedev. We got a lot of things done that we needed to get done. Russia I think has always had a Janus-like quality, both looking east and west, and I think President Putin represents a deep strain in Russia that is probably harmful to Russia over the long term, but in the short term can be politically popular at home and very troublesome abroad.

But I do think it’s important to keep perspective. Russia doesn’t make anything. Immigrants aren’t rushing to Moscow in search of opportunity. The life expectancy of the Russian male is around 60 years old. The population is shrinking. And so we have to respond with resolve in what are effectively regional challenges that Russia presents. We have to make sure that they don’t escalate where suddenly nuclear weapons are back in the discussion of foreign policy. And as long as we do that, then I think history is on our side.

Anything on the US economy? I noticed the occasional cover story saying how unfriendly to business we are.

The Economist: Yes, tell us about that. We see a lot of business people and they do complain about regulation.

Mr Obama: They always complain about regulation. That’s their job. Let’s look at the track record. Let’s look at the facts. Since I have come into office, there’s almost no economic metric by which you couldn’t say that the US economy is better and that corporate bottom lines are better. None.

So if, in fact, our policies have produced a record stock market, record corporate profits, 52 months of consecutive job growth, 10m new jobs, the deficit being cut by more than half, an energy sector that’s booming, a clean-energy sector that’s booming, a reduction of carbon pollution greater than the Europeans or any other country, a housing market that has bounced back, and an unemployment rate that is now lower than it was pre-Lehman—I think you’d have to say that we’ve managed the economy pretty well and business has done okay.

There are always going to be areas where business does not want to be regulated because regulations are inconvenient.

The Economist: When you look at things like Dodd-Frank and health-care reform—both of which we supported in principle—that they could have been much simpler?

Mr Obama: Of course. This goes back to the old adage of Churchill—democracy is the worst form of government except for all the alternatives. (Laughter.) It's messy.

And so could we have designed a far more elegant health-care law? Of course. Would I have greatly preferred a blank canvas in which to design financial regulations post-2008 and consolidated agencies and simplified oversight? Absolutely. But the truth of the matter is, is that we saved the financial system. It continues to be extraordinarily profitable. And essentially, what we did was to provide an additional cushion so that if and when people make bad decisions with large sums of money—which they inevitably do—the risks to the system are reduced.

And on health care, as messy as the whole process has been, here's what I know—that we have millions of people [insured] who didn't have insurance before, and health-care inflation is the lowest it's been in 50 years, for four consecutive years, corresponding to when we passed the law.

So my belief is that if, in fact, we can see a reduction in some of the political temperature around Obamacare or around Dodd-Frank, then it's an iterative process. We can go back at it and further refine it, learn lessons from things that aren't working as well, make it simpler, make it better. That does require, though, an attitude on the part of Congress, as well as on the part of the business community, that says you don't just get 100% of what you want.

The business community does have broader responsibilities to the system as a whole. And although the general view today is that the only responsibility that a corporate CEO has is to his shareholders, I think the American people generally sense—

The Economist: Do you really think that's true? Because when I talk to corporate CEOs, that's one of their complaints. If you ask for a complaint about the White House, they'll say it is the attitude. Every CEO nowadays is involved in nine different social responsibility things—it's ingrained in most public—

Mr Obama: Well, I think—here's what's interesting. There's a huge gap between the professed values and visions of corporate CEOs and how their lobbyists operate in Washington. And I've said this to various CEOs. When they come and they have lunch with me—which they do more often than they probably care to admit (laughter)—and they'll say, you know what, we really care about the environment, and we really care about education, and we really care about getting immigration reform done—then my challenge to them consistently is, is your lobbyist working as hard on those issues as he or she is on preserving that tax break that you've got? And if the answer is no, then you don't care about it as much as you say.

Now, to their credit, I think on an issue like immigration reform, for example, companies did step up. And what they're discovering is the problem is not the regulatory zealotry of the Obama administration; what they're discovering is the dysfunction of a Republican Party that knows we need immigration reform, knows that it would actually be good for its long-term prospects, but is captive to the nativist elements in its party.

And the same I think goes for a whole range of other issues like climate change, for example. There aren't any corporate CEOs that you talk to at least outside of maybe—no, I will include CEOs of the fossil-fuel industries—who are still denying that climate change is a factor. What they want is some certainty around the regulations so that they can start planning. Given the capital investments that they have to make, they're looking at 20-, 30-year investments. They've got to know now are we pricing carbon? Are we serious about this? But none of them are engaging in some of the nonsense that you're hearing out of the climate-change denialists. Denialists?

Eric Schultz (deputy press secretary): Deniers.

The Economist: Deniers.

Mr Obama: Deniers—thank you.

The Economist: Denialists sounds better. (laughter.)

Mr Obama: It does have more of a ring to it.

So the point, though, is that I would take the complaints of the corporate community with a grain of salt. If you look at what our policies have been, they have generally been friendly towards business, while at the same time recognising there are certain core interests—fiscal interests, environmental interests, interests in maintaining stability of the financial system—where, yes, we're placing constraints on them. It probably cuts into certain profit centres in their businesses. I understand why they would be frustrated by it, but the flip side of it is that they'd be even more unhappy if the global financial system unravels. Nobody has more of a stake in it than them.

Last point I'll make on this: If you look at what's happened over the last four or five years, the folks who don't have a right to complain are the folks at the top. Where we have made less progress than I would like, and is my obsession since I came into office and will continue to be my obsession until I leave office and afterwards, is the broader trend of an increasingly bifurcated economy where those at the top are getting a larger and larger share of GDP, increased productivity, corporate profits, and middle-class and working-class families are stuck. Their wages and incomes are stagnant. They've been stagnant for almost two decades now. This is not a phenomenon unique to the United States, but it is global.

And this to me is the big challenge: How do we preserve the incredible dynamism of the capitalist system while making sure that the distribution of wealth and incomes and goods and services in that system is broadly based, is widely spread?

And the reason I'm concerned about this is not in any way a punitive notion. Oftentimes, you'll hear some hedge-fund manager say, 'Oh, he's just trying to stir class resentment'. No. Feel free to keep your house in the Hamptons and your corporate jet, etc. I'm not concerned about how you're living. I am concerned about making sure that we have a system in which the ordinary person who is working hard and is being responsible can get ahead and are seeing modest improvements in their life prospects, if not for themselves, then certainly for the next generation.

And I believe that that's the big challenge, not just for the United States, but that's the big challenge for everybody.

And we got to go because we're all parked. Alright?

The Economist: Thank you.

Mr Obama: That was a good conversation. I enjoyed it.