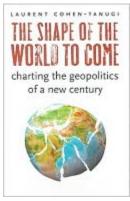


The Shape of the World to Come: Charting the Geopolitics of a New Century

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Introduction

DEVIN STEWART: Thanks, everyone, for coming. I'm Devin Stewart, from the Carnegie Council.

Today we're talking about <u>The Shape of the World To Come: Charting the Geopolitics of a New Century</u>, a brand-new book by Laurent Cohen-Tanugi. This is a really fascinating topic, a very, very good angle, I think, very pertinent to the work we're doing at the Carnegie Council.

I'm going to butcher his argument. He's going to spell it out very eloquently here today for you all, on this Friday afternoon. He's essentially getting into a very interesting angle of globalization that I think is cutting-edge. It's a topic that I have written about in an article in *The National Interest* entitled "The New Mad World."

We had our Board meeting this morning, and it came up during our Board meeting—the very angle of your book, which is that globalization tends to facilitate a cosmopolitan perspective. The more you are aware of people around you, the more that you see that problems are transnational, the more you might think that national interest tends to bleed and multilateralism is more necessary. It kind of poses the question: What is the role of the state in the globalization or post-globalization world? I think Laurent calls it "postmodern"—the sort of postmodern understanding of globalization.

But ironically—and this is what Laurent shows, and I think a lot of people have been talking about this; we talked about this at a panel we had here called "The Rise of the Rest"—globalization also has the ironic effect of bringing back some of the Westphalian sovereignty issues, more of the traditional understanding of international relations.

Why would that be the case? Resource scarcity, climate change, nationalism as a result of globalization itself. The more you are aware of the world, there are many different reactions you could have to the world. One is to feel that you are more a part of the world; another way is to self-identify, to say, "Oh, well, that's the world. I really want to dig into where I am." We see the rise of more traditional concepts of sovereignty and nationalism.

So you have these somewhat competing threads of understanding globalization. There are competing ways of understanding globalization. There are competing ways of dealing with globalization. Some people surmise that, as a result, you will have two blocs, according to the way you view the current

world.

I think if we can facilitate a coming-together, or if we can find common ground between these two blocs, we will be in better shape—I hope.

But Laurent will tell us more about his book.

Laurent is an international lawyer based in Paris and a public intellectual. He is an expert on European affairs and international relations. He has published several influential books, including, recently, <u>An Alliance at Risk: The United States and Europe Since September 11</u>.

Laurent, it's great for you to come here to the Carnegie Council on Friday afternoon. We'd love to hear about your book. Thank you very much.

Remarks

LAURENT COHEN-TANUGI: Thank you. Thank you for your invitation and for this opportunity to present this book.

Good afternoon, ladies and gentlemen. Thank you also for coming here on a beautiful Friday afternoon.

I'm here as part of a nationwide tour, which already took me to San Diego, San Francisco, Chicago, Washington, D.C., and this is my last stop before going back to Paris, where I'm already scheduled to appear on several television shows on the U.S. elections. I will be talking about what's going on here—certainly a very timely moment to discuss the shape of the world to come, in the middle of the worst financial crisis since the Great Depression and on the eve of a change in leadership in the United States.

What I will do is present the book very briefly, as I have been requested, so that we have enough time to answer your questions on the book. We can also expand the discussion of the state of the European Union, France, the U.S. elections, and what have you.

What the book is really about is an analysis of the world we are entering into from a geopolitical perspective and how Americans and Europeans should prepare for it. It is really an attempt to analyze the new geopolitical paradigm that we are witnessing. In fact, it is quite surprising that less than 20 years after the end of the Cold War, the end of the bipolar world that structured international relations since 1945, we are already witnessing another change of historic significance. I think that this succession of two very major changes probably explains why there seems to still be a gap in perception that we are entering into a new world. It is precisely to try to fill this gap that I wrote this book.

Remember, when the Berlin Wall collapsed, when the Soviet Union disappeared, we thought that we had entered an indefinite period of peace and prosperity. Francis Fukuyama predicted the end of history—that is, the triumph of democracy and the market economy throughout the world, the end of any ideological confrontation. It was also the time of the Internet revolution. We thought that economic cycles had also disappeared, that the new economy, as the expression went, was going to be perpetually prosperous. We were looking for a new world order.

It was a very optimistic period. The Oslo peace process was also under way in the Middle East.

But, in fact, what we then called the post-Cold War period only lasted a decade, the decade of the 1990s. It appears retrospectively to have been a happy and somewhat illusory parenthesis before this new change, which I believe is bound to last much longer than a decade.

September 11, 2001 marked the end of that parenthesis and the real beginning of the 21st century, the

advent of a new world that is more uncertain, more unstable, and probably more dangerous not only than the 1990s, but even, perhaps, more dangerous than the bipolar world of the Cold War, and bound to last much longer.

September 11 is, of course, a symbolic date. There are a number of other events that I will mention that justify the expression of a new geopolitical paradigm.

What are the signposts of such a change?

- The first one is the rise and the spread of radical Islam as an antagonistic force to the West. That phenomenon is taking several forms. The first one, and the more obvious, is, of course, terrorism. That's what we have focused our attention on in the past few years—probably too much in U.S. foreign policy. But it is obviously a matter of great concern throughout the world. But that's not the only form of this rise of radical Islam. Islamist parties have been making progress throughout the Arab-Muslim world. Whenever there were free or semi-free elections, those parties have gained politically.
- The threat of the Iranian nuclear war is another manifestation. Remember that the <u>Iranian</u> Revolution in 1979, 30 years ago, was actually the beginning of the emergence of a radical Islam.
- Finally, I would mention the more and more numerous conflicts—ideological, religious, cultural conflicts—between an extremist view of Islam and Western values. Those conflicts are more frequent in Europe, which has a large Muslim population. I'm referring, for example, to the controversy about the Danish cartoons of the Prophet and the various tensions that rose as a result.

That's the first element—the potential of a new East-West conflict that would be the last ideological conflict remaining. That's the bad news of the beginning of the century.

There is also good news. The good news has been, to some extent, hidden by the concern about terrorism. It is probably more important historically even than the rise of radical Islam. What I mean by that is, the good news is the rise of new economic powers to the East, in Asia, and also to the South—China, India, Brazil, and others following what I call the emerging world's revolution. That's good news because it means that hundreds of millions of people are actually coming out of poverty and joining a large middle class. Even the poorest countries of Africa and Asia have benefited in recent years from that rise.

China is set to become the world's first economic power sometime in the 21st century. It may even outweigh the U.S. economy. India will be the third or the fourth economy in the world. That is a phenomenon of historic consequence.

It is, first of all, a historic comeback. Remember that before the Industrial Revolution of the 19th century, China accounted for about 30 percent of the world economy; India, 15 percent; Europe was about 23 percent; and the United States, only 2 percent. By 1950, China and India together were down to less than 9 percent, and the United States and Europe were at about 27 percent. Now we are witnessing a comeback of these old powers to the forefront.

It is also a historic change because, for the first time in modern times, you will have wealth and most of the world's population concentrated in the same place, whereas until now we had a split between the rich countries in the West and the populous countries in the East.

If you take China, it's already the third-largest economy in the world. It has one-sixth of the world's population. It has \$2 trillion of exchange reserves, thanks to its trade surpluses. It is the second-largest destination of R&D investment in the world and has the third budget in the world, after the United States

and Russia.

What this means is a tremendous shift of economic power to non-Western countries that is happening now and will continue to happen in the next decades. What is worth noting is that this rebalancing of economic hierarchies is the product of globalization, as you were saying. That is, it is through the liberalization of international trade and investment, through the decision of India and China—China first, India ten years later—to open their borders, that these countries finally took off. That takeoff of massive importance is the origin of this transfer of wealth to the East.

What we are seeing is that globalization is no longer purely an economic and social phenomenon. It's not only about job creation or job destruction. It is also the most significant transformative force of global geopolitics. Not only that, it is a return of traditional geopolitics in the global economy.

One of the principal vehicles for that comeback is the energy question. Energy is becoming a scarce resource. It is also limited by climate change considerations. But the economic takeoff of China and India, in particular, and other countries as well, has created a huge demand for energy and other natural resources. That has not only raised prices, but it is also prompting a competition between the consuming powers—the United States, Europe, Japan, China, India—for these resources and a return to what was called the Great Game in the 19th century, where colonial powers were actually fighting in central Asia and other areas for energy and other raw materials.

It happens that these regions that have those resources are also sensitive, troubled areas, where Islam is generally dominant, whether it's the Middle East, parts of Africa, or parts of central Asia. So all this boils together and creates a much more tense global economy. We are witnessing a return of power strategy, of traditional geopolitics.

The main argument that the book is making in that respect is that, contrary to the liberal view of commerce as an instrument of peace and harmony among nations—which remains true, of course—the world we are entering into is, in fact, not so flat. It's not the <u>flat world</u> that <u>Tom Friedman</u> is advertising. It is much more complex than that. Liberalization is producing as much conflict as it is producing harmony, as much fragmentation as it is producing homogenization. I'll come back to that very quickly.

But I want to now talk about the third major signpost of our entry into a new world, and that is what I call the end of the Atlantic era—the relative weakening of the West that is, first of all, a mechanical effect of the rise of the emerging powers. Demographically, the West is already in the minority. It is expected that by 2050, the world population will grow by 45 percent and that most of that growth will happen outside the West. Economically, of course, also the growth will happen in the East and in the South.

But what I call the end of the Atlantic era goes beyond that. What it means is that the virtual monopoly that Europe and America have enjoyed since World War II—and even beyond that, since the Industrial Revolution—this monopoly on world affairs generally is about to end. Just consider that until very recently, Europe and the United States—in that order first and then in the reverse order after World War II—dominated the international agenda, structured international relations, in every area, whether economic, political, military, cultural, scientific, technology, even information. Everything was structured and dominated by the West. The 1990s were, to some extent, the high point of that domination and what was generally called "the unipolar moment of American supremacy."

That predominance is over. We are going to face more and more competition from these new powers in each of these areas. We are going to have to learn to live with that.

Other illustrations of this relative loss of influence of the West are the difficulties of multilateral institutions, for instance, that were another creation of the West after World War II. All our international organizations today that are badly needed do not function properly, because they are not adapted to the new age of globalization. Democracy is even challenged in its universal nature. Not only are democracies often in crisis in our countries, but the notion that democracy should spread everywhere is openly

challenged in Russia, is openly challenged in the Islamic world, is openly challenged in China; the notion that capitalism and economic prosperity have to go hand in hand with democracy is challenged by, for instance, the Chinese takeoff. So we are living in a world that is much more complex than what was originally hoped for.

How can we characterize this world?

First, it is what is now generally called a multipolar world, a world composed of several poles. Whereas this expression was often used, particularly in Europe, in a positive way, as a way to sort of counter the American hegemony, as a way to create a more harmonious and balanced world, it turns out that, at least today, this multipolar world is much more unstable and potentially dangerous than the previous paradigm.

It is also a world made of continental nations. Each of these big powers is, in fact, a continent, whether it's China, India, Russia, Brazil, the United States of course. These are continents—very massive in terms of population, territory, resources. But they are also nations, with often a very strong national identity and history. This is prompting a return of nationalism, in fact, in the international system. We are moving away from the postmodern ideal of global governance, of retreat of nationalism, of power strategies, and we are witnessing a comeback of 19th-century geopolitics.

The new powers are not only outside the West; they are often non-democratic; they are often state-controlled economies. But at the same time the world is one. We see that all the issues are global. Climate change is a prime example, and the financial crisis is another one today, where we see that it went from the United States to Europe and now to virtually every country, including the most dynamic emerging countries. So we are all in the same boat, but in a way that is much more chaotic than previously.

So I would characterize this world as dual. Globalization produces both conflict and harmony, and the new geopolitical paradigm is actually the product of two conflicting dynamics. The dynamics of globalization in the Friedman sense—in other words, technology, open trade, et cetera—is homogenizing the world, is a force of peace and progress, et cetera, et cetera, but at the same time, we have the country dynamics of fragmentation, of conflict, of, potentially, war.

Those two dynamics coexist, will continue to coexist, and what's at stake is which of the two will prevail over the other. Will we be moving into peace and harmony and progress or will we be moving towards a much more conflictual one and, potentially, war?

What do we need to do, as Europe and America?

First, I think we also need to play on two levels. Our priorities should be to continue to engage the new players in an orderly multilateral system. We need to engage these new powers in our fight against climate change, in trying to build a new international order that works.

At the same time, we must be aware that we are no longer in the world of the past, and we must be aware that historically economic power is transferred to political power, to geopolitical power, to military power. We cannot simply disarm and not be careful that authoritarian powers do not actually take supremacy over democracies.

So that means—and I'll conclude here, so that we have time—Europe and the United States and generally all democratic and, even beyond that, moderate countries must work together. But the transatlantic partnership is obviously central to maintaining and trying to exercise leadership in trying to shape this multipolar world in an orderly way. Transatlantic relations suffered a very serious crisis in 2002-2003 about the U.S. intervention in Iraq. Things have improved very significantly since then, thanks to lessons having been learned on both sides, thanks to the change of leadership in France and Germany. But we must be careful to maintain the Atlantic solidarity.

We also, on each side of the Atlantic, need to adapt to the new environment. For the United States, it means, first of all, restoring its image, its soft power, its legitimacy in the world after the damage caused by the Iraqi fiasco. The financial crisis is another challenge that the United States is going to have to take on.

But beyond that, beyond this repair exercise, the United States will have to learn leading in a multipolar world. That's obviously more difficult than leading in a world where you are the only superpower. That means learning to share sovereignty, to make compromises, to be involved internationally.

It is something that the Europeans have learned to do among themselves. That's really the gist of European unification. So Europe is better placed for that. But Europe has another challenge, which is to learn to become a global player and project itself in the world. That's something that is not always easy, because European countries do not always agree among themselves, first of all, to play that role, and about their vision of the world.

So I will end there, so that we can have time for a debate. Thanks very much for your attention.

Questions and Answers

DEVIN STEWART: That was great. I think some of my colleagues can attest that you might be the closest to me intellectually that I have ever actually encountered. Now that you have written this book, I guess I shouldn't write my book.

I'm glad someone of your stature has similar thinking. I'm really glad to see this.

I have a lot of questions. First, of these two threads, which one will prevail? Do you have any way to predict which of these—the more positive parts of globalization or the more negative parts? Is there something we can look at or keep track of that can give us a forecast for the future?

LAURENT COHEN-TANUGI: There's the short term and the longer term. In the short term, I think what is of most serious concern is what will happen with the Iranian nuclear program. In the short term that's really the most serious threat to a regional and possibly broader context. Hopefully, we will avoid war on this and we will be able to convince the Iranians that they should, instead of doing what they are doing now, follow the model of the emerging countries. They should follow India. They should follow China. The Iranians have all the capabilities to become another very successful emerging economy. Now they are depriving themselves of foreign investment, of foreign cooperation. So we need to, by both carrot and stick, convince them to follow that route.

So that's for the short term.

For the longer run, I think the most serious risk for peace is the competition between the United States and China. China is the only country in the world that can potentially surpass the United States militarily and economically. So it is essential that, instead of a conflictual relationship, we continue to have the cooperative relationship that exists today and the economic interdependence that exists today. Right now the two economies are deeply interdependent, which is a cause for social stability. We need to make sure that that continues. What's critical is really to engage these new powers and to reconstruct a workable multilateral system that includes them at the right level.

I think a strategic partnership between the EU and India, for instance, would be another stabilizer. There are a lot of commonalities between the two.

So those are the parameters, I think.

DEVIN STEWART: Before we get to the questions, one more to pose up here. As you point out, there is

going to be a return of 19th-century politics, international politics. Could you just say that we are returning to the way international politics have been conducted for hundreds of years? Is this sort of like an equilibrium that the world settles into, and there are outliers?

LAURENT COHEN-TANUGI: Again, it will continue to be a mix. In other words, what we have had in the past 20 years—all the progress we made remains, of course. It's really the convergence, or the contrary, between these two dynamics that characterizes the current way. But what we are seeing now is a return—the energy question. Think of the use that Russia is making of its energy resources, or Iran or Venezuela, and all the competition—China's investments in Africa and all those things.

So this looks like the 19th century. Fortunately, we also have what we have built since World War II. Again, it's a question of which will prevail. Hopefully, there will be enough wisdom and checks and balances to keep us in the right direction.

DEVIN STEWART: We have a couple of questions.

QUESTION: I enjoyed your presentation very much.

You alluded to a multilateralism going forward and finding new ways to work multilaterally, especially between nation-states. How do you deal with the free-rider or moral-hazard or bad-actor problem that we have experienced with numerous multilateral organizations of which the United States and most European countries are members, whether it's the United Nations, where bad actors have interfered with a reasonable policy towards Iran—namely, China and Russia, but others on the Security Council—whether it's the hijacking of the UN Human Rights Council, led by Saudi Arabia, which makes it a farce in reality, or even the free-rider problem between the United States and Europe on NATO?

There are a lot of us who are economists in the United States who say that one of the issues we have economically in the United States is that we spend far more of our GDP on defense, and there has been a free-rider problem amongst most European countries. That was most notable in the Balkan wars, where the EU couldn't even deliver the goods, much less troops.

So if you are proposing talking about multilateralism going forward, how do we take what we have today and make it work so that we avoid these problems?

DEVIN STEWART: I think that's a question that you might hear from a lot of American audiences. Have you gotten that question before?

LAURENT COHEN-TANUGI: Yes. You are absolutely right. Each of these institutions has its problems, and we'll need to take them all on. It's all very difficult. We have been trying to reform the United Nations for years, and it hasn't really succeeded. There is a question also of giving adequate representation to the new powers—India, Brazil, Japan. There is the issue of the General Assembly. That's why the United Nations has lost a lot of legitimacy. Since the United Nations is the primary international organization, that's at the top of the agenda.

The $\underline{\text{WTO}}$ is also a problem. We haven't succeeded in the $\underline{\text{Doha Round}}$ for ten years now. We maybe need to think about reforming the decision-making process.

NATO—I was alluding to that when I said that Europe has to become a global player. It needs to spend more for its defense. Obviously, we are not going to match—I don't think it would make any sense to try to match the U.S. military budget, but we need to increase our military budgets. Within the EU, France and the United Kingdom are spending the most on defense. It needs also to be shared more equally within the EU, and certainly with the United States. I think we need to work complementarily also on non-military aspects of the alliance.

So, yes, I agree. I think it's a big task, but I think it's one of the priorities. If we want to really

reconstruct the international system for this age of globalization, we need to put that on the agenda and look at each institution. It will require giving away power to some new countries.

The problem of Russia and China on the National Security Council—I don't see how that can be avoided. What we need is to make sure that these countries work cooperatively. And they have, to some extent. It's China, certainly, more than Russia lately. It is possible that they will act more cooperatively. That's why the interdependence is important. I think they realize that we are all in the same boat.

DEVIN STEWART: I think some people do, but not all.

QUESTION: I want to ask you two questions, but before I do so, I want to take issue with your analysis.

On your first point about ideological conflict, you said it was between the West and radical Islam, and that this is new. I would like to suggest that there really is no fundamental conflict going on between the West and Islam. The issue of radical Islam is an issue within Islam. It's a fight there. It's not a universal ideology. And it's not new. The Muslim Brotherhood was founded in Egypt in 1928. It has been with us a long time, now 80 years.

Your second point about the rise of new powers and economic growth. Of course, economic growth occurs unevenly across the world, and it has for a long time. In 1820, China was the second-largest economy in the world, and here it is again, 170 years later.

I think we have had a lot of continuity in terms of the United States. I don't think Americans have much to fear in terms of economic growth. The United States in 1938 had something like 22 percent of the world's aggregate GNPs, and it now has something like 25 or 26 percent. It had a little bit of a lift at the end of World War II because other economies were greatly injured in World War II, while the United States grew. But over 70 years or 80 years, the American economy has pretty much maintained itself in the world. I would anticipate that that's going to continue.

The third point was that we are losing a monopoly in world affairs. First of all, in the early part of the 20th century, under a multipolar world, the United States was far from a monopoly. You had a lot of major powers, and it was centered in Europe. Then during the Cold War, from the end of World War II until 1990 or so, the world was structured not as a monopoly, but as a contentious bipolar system. It was a terribly dangerous world, with the two countries that together had about 90 percent of the world's arms.

There has only been a very short period of time in which the United States had no real challengers. That may be changing again.

The last comment I want to make is something you said in answer to a question. You said that Iran should follow China and India. But both China and India are nuclear powers. So it seems to me that if you want Iran to follow China and India, they should not only develop economically, but there is good reason for them to want to have the same kinds of characteristics as those two countries.

Now, two questions:

You suggested that there is a danger of war. Between whom do you think there is a danger of war? We have now had, since 1945, a very long period of time in which there has been no major-power war. There have been lots of wars between major powers and smaller powers and between smaller powers, but no major-power war.

The second question is, you argued that the United States and Europe should have leadership. You sort of said that we have a problem with China and Russia and the Security Council. I have no quarrel with the idea that leadership needs to be exerted. But don't you think that if we are going to live in a globalized world, that leadership has to engage with other countries, with all of them? I guess I was worried a little

bit, in terms of the way you presented it, that you might be thinking along the lines that <u>John McCain</u> has been thinking of, with the League of Democracies that would exclude the other powers.

I would be happy to hear your reassurance that that is not what you meant.

Thank you.

LAURENT COHEN-TANUGI: I'll try to go fast.

First, on the analysis, yes, maybe the Muslim Brotherhood has existed since 1928, but it's really only recently that radical Islam has become a threatening force throughout the world, and particularly to the West. You may want to go before September 11, to, say, the Iranian Revolution. Now it is a structured antagonistic force. I don't think it has the same significance historically as the rise of the emerging powers, but today it is the only actual threat that we have, and so you cannot dismiss it like that.

About the strength of the American economy, despite the current troubles, I agree with you. But again, you cannot—yes, sure, in the 18th century, China and India were powers. That's what I said myself. But looking at the more recent period, for the past 200 years, it is really the West that has dominated the world economy. It is a change that we are witnessing. I'm taking that timeframe.

Again, I think it is hard to dispute that since the mid-19th century, Europe and the United States have dominated the scene. All I'm saying is that that's over. We are going to see something much more competitive.

Of course, when I referred to the Indian or the Chinese model for Iran, I was not thinking about being a nuclear power, but, more, opening the economic borders and economic development. We cannot afford to have a nuclear Iran, simply because it will be the end of nonproliferation. All the powers around it—Saudi Arabia, Turkey, and others—would have to become nuclear, and there are already too many nuclear powers in the region. So it is beyond the threat to the region, the threat to Israel, et cetera. We cannot let more nuclear powers in the region. I think that's really a nonstarter. But I don't know what the best solution is.

Now, war between whom? Obviously, I'm not predicting anything. I'm just saying that there is a scenario where the world would get more conflictual, and then you have plenty of scenarios. You can have wars in many places, but particularly in Asia, central Asia. There is no shortage of scenarios where you could see regional wars turning into global wars. I'm not in the exercise of predicting, but it's easy to see that if we were going into protectionism, if we were going into conflict—and, obviously, the most serious one would be between China and the United States.

I think I said that our priority should be to engage other countries. I'm really not in the "West versus the rest" ideology. Our main priority should be to exercise leadership to engage and shape the world. I think we have probably 20 more years where we still have a very strong influence, based on history, and where we should really lead in the right direction.

But at the same time, I think we must not be naïve and remain in the old paradigm, where we are all between democracies, between market economies. That's no longer the case. Historically, whenever you have economic power, you will have military power. So we have to make sure that democracies always have strategic superiority at all times. That's the lesson I draw from World War II. We cannot be in a situation where we have let non-democratic powers, non-Western powers have military superiority over us. That's my position.

DEVIN STEWART: I want to take issue with one of the things that you said. My friend Francis Fukuyama—it's almost a badge to say he was wrong about the end of history. But he was saying that the general trend—if you count the number of democracies, overall, the world is generally going toward more representational forms of government. If you listen to Chinese leaders at all levels, they seem quite

sincere on developing their own style of democracy as one of the solutions to a lot of their problems in China.

Do you really take issue, that democracy is not flourishing for the long run?

LAURENT COHEN-TANUGI: Clearly, the democratizing, liberalizing virtues of globalization are real, I think even in China. The Internet is a huge source of liberalization in China.

Again, I'm coming back to these two dynamics. The two are at work. But things can be ambiguous. If you have free elections in the Middle East, you get <u>Hamas</u>. So you have this ambivalence that is everywhere. That's really the point I would like to make.

What I say in the book is that you don't have to choose between Fukuyama and <u>Huntington</u>, because the world we're in is a mix of their two theories, or at least the two theories that have been popularized, which are much more simplistic than what they actually said.

DEVIN STEWART: A lot of questions. Let's take a group of three here. The McCain guy over here, with the button. This should be interesting.

QUESTION: Someone else wore an Obama button. That's why I put this button on.

But be that as it may, we're still in America. As a matter of fact, that's-

DEVIN STEWART: Are you an anti-American or a pro-American?

QUESTIONER: I'm with America that is not spelled with a "k."

DEVIN STEWART: So non-communist.

QUESTIONER: But that's a perfect seque into my question. Sir, thank you very much for your remarks.

You did mention that you are going to be speaking in Paris on the subject of the American election. But from your time observing this election process, and with your interest in the idea of America restoring its prestige in the world—whoever gets elected, American leadership will still be prominent in this world, whether it's coming to the rescue of the world in the financial crisis or stopping Iran with its nuclear program or ending piracy in the Horn of Africa. As a matter of fact, if one party—and I will not mention that party—dominates our political system, protectionism may, in fact, a key element, a priority—that is, protecting American jobs, at the expense of trade relations with others.

So when you go to Paris and you speak on this subject, would you tend to indicate to your audiences that no matter who gets elected in America, Americans will think of America first, and American domination and influence in the world will not, under either of these people running for president, diminish?

LAURENT COHEN-TANUGI: I agree that either candidate—any president will have as one of his priorities to restore America's image in the world. That's clear. I think that America's influence will not be diminished by the choice of either one. It is diminishing by the sort of long-term structural factors that I just talked about.

In terms of protectionism, I know that in the campaign there is talk about protecting American jobs. It's always like that in political campaigns. But I do think that probably the best news that could happen in order to try to get us out of the recession would be to finally conclude the Doha Rounds, having a new round of trade liberalization. We need the growth of the emerging economies to get our economies off the ground. And remember what protectionism did after the Great Depression.

So I think it would be totally irresponsible to lead any nation on the way to protectionism. I don't think

that either candidate would do that.

QUESTION: I was wondering whether you could answer, as a European, how you see the Middle East shaping up when and if the candidate that everybody seems to think is going to be president decides to withdraw and just leaves. As Europeans, do you see that as a problem for you all or do you see that as, "Goody, we're going to have a perfect Middle East"?

DEVIN STEWART: We'll take one more.

QUESTION: I would like to ask you about your statement that there are cultural fragmentations that could possibly lead to war, in light of the two dynamics you spoke about throughout of convergence and conflict. I'm curious about whether or not that dynamic is also sort of a split between the populations of these countries and the elite policymaking circles.

In terms of cultural dynamics that would contribute to war, I think it's also important to consider the technological realities of how war is changing. I'm curious, on the cultural dynamics of fragmentation that you see, if you see that happening within the elites of these countries, which are going to be controlling the nature of war and peace, or whether you see it among the populations of these countries, who, the nature of technology says, are going to be in an even less powerful position to determine whether or not there is conflict.

As a related question, I'm curious about the timeframe in which you see China being able to militarily pass the United States.

LAURENT COHEN-TANUGI: On the first question, I think that nobody in Europe expects or wishes—I mean nobody reasonable—the United States to withdraw hastily from Iraq. Clearly, even though we thought the Iraq War was a mistake, today we understand that the situation has been created. It has certainly benefited Iran most of all. Even though the European position is that sovereignty should be transferred to the Iraqis, I believe that we don't want the United States to leave a vacuum and open a new area for terrorism or open the way for an Iranian takeover of Iraq. Maybe there are parts of European public opinion that is dreaming that Mr. Obama will actually withdraw immediately, but I think that any responsible leader not only doesn't hope that, but thinks that it's not going to happen. There will be a withdrawal, but it has to be orderly and organized, and not jeopardize the balance of power in the region.

As far as your question, I'm not sure I—I would say, when I was talking about fragmentation, I was not only talking about cultural. There are all kinds of forces of fragmentation. I think mainly it's simply the return of these countries to power, whether it's the old empire or whether it's the Soviet Union that has lost a considerable amount of its international stature. So it's the comeback of all these countries to a position of power and sort of the longer national history and pride—the return of nationalism in that sense—that is a possible source of war.

It was not necessarily something cultural. I was not alluding to a conflict between the elite and the people. I didn't think of that, really. I think it's more traditional power politics at play.

DEVIN STEWART: One more question.

QUESTION: I'm very pleased about your analysis. It's very similar to others. You mention <u>Zakaria</u> and you mention Friedman.

I'm interested in the forces that you see moving China towards militarism, when their rise to economic power has been just the opposite. You mentioned soft power. It seems to me that the Chinese have been masters of their soft-power relations. The West might not agree with some of the places that they have exercised it, such as Africa. But I'm curious as to what forces you see pushing China towards a military conflict, rather than pushing the economic conflict that they are obviously very successful at.

LAURENT COHEN-TANUGI: First of all, it is clear that China's military budget is increasing every year quite steadily, beyond what is really necessary to defend their economic needs. That's a fact and something that I think is of concern to the defense and security community of major countries, not only in the United States, but also in Europe, something that is being watched carefully.

Again, history shows that any economic superpower is also a geopolitical and military power. The strength of the United States is based on its economic strength. The two go together.

There is a strong Chinese nationalism. Asia is a very conflictual area. There are the Japan-China tensions.

Right now it's clear that the objective of China is really its economic development and social issues and that whatever it's doing in Africa and elsewhere is to that end. But at the same time, they are becoming more present in different parts of the world.

All I'm saying is that we should just be mindful of that, and not find ourselves 30 years from now in a situation where we no longer hold military supremacy. That's all I'm saying. I don't think that the United States plans to do that.

DEVIN STEWART: I would like to finish with one playful question. Keep in mind that we are at the Carnegie Council for Ethics in International Affairs. I want to ask you an ethical question that we have asked playfully and also seriously around here in recent trips that we have done, individually, the fellows here at the Carnegie Council.

Given the globalized nature of the world and the globalized nature of our problems and power, positive and negative—you are based in Paris—do Parisians have a preference for the outcome of our presidential election? If so, does it matter? Should it matter from an ethical point of view, from a moral point of view? Should that matter?

LAURENT COHEN-TANUGI: Should the preference of the French matter for the election, do you mean?

DEVIN STEWART: Should it matter? Given the power of the United States and the globalized nature of the world, should the rest of the world have a say?

LAURENT COHEN-TANUGI: Oh, from that point. I was just trying to figure out what you meant.

Is there a preference? Yes. I think the French and the Europeans generally are clearly Obama supporters, to a very high degree. I actually had an interesting discussion in Chicago with a group of young leaders, where a fellow, very pertinently—a fellow from, probably, Latin-American descent—said, "But you guys are so hypocritical, because never would someone from an immigrant background ever manage to become the French president."

He was right; there is some degree of hypocrisy and idealism in the European view. But the fact is that the Europeans, first of all, didn't like the <u>Bush</u> Administration very much—I don't think that's a secret—and they think that an Obama administration would be more change. Certainly one thing it would do, for whatever it's worth, is help restore the American soft power in the world, simply because the world likes this idea, rightly or wrongly. That would be sort of a mechanical effect. I'm not saying that it's determinative, but it is something that is relevant.

On your more abstract question—whether it should matter—yes, because America is a global power. Today it is still the first global superpower. That's one of the problems that America has. At the same time, it's a continent, and people in some parts of the country are focused on their domestic and sometimes local issues that have nothing to do with what much of the world cares about, but also everything you do has such huge consequences, positively or negatively.

So from a sort of ethical or theoretical standpoint, because of that position that the United States has, it is legitimate that the rest of the world should be concerned and have a say. I mean, they don't vote, but whether they should express a position or be interested—the U.S. elections are of tremendous interest in France and Europe. They always have been, but this time even more. I can assure you that everyone knows about Joe the Plumber and everything else. And the notion that spreading the wealth is some horrible thing is really funny for a Frenchman. Yes, we need to create wealth, but spreading the wealth is not a bad thing either.

But it's interesting to see these differences.

DEVIN STEWART: Laurent, thank you for your candid and nuanced presentation.

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