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COUNTDOWN TO THE G-8 SUMMIT:

A PREVIEW OF CHALLENGES AND OPPORTUNITIES

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AGENDA

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P R O C E E D I N G S

MR. STEINBERG: Well good morning, and welcome to Brookings.

You've now all had a chance to hear the President talk about what he's planning to do with the G-8 Summit, and now you're going to hear what we think actually might happen or should happen at the upcoming G-8 Summit, and we're fortunate this morning to have an all-star cast of Brookings scholars who have a fair amount of experience of their own at preparing Presidents and working with other countries through these G-8 Summits, including two former sherpas.

And I wanted just to start the introduction by noting the headline of a Reuters story which came out just an hour and a half ago, entitled "Worried Britain Calls Extra Talks Before G-8 Summit," and then it goes on to explain that officials, known as sherpas, always meet before summits to thrash out details of proposed accords, but the two days of talks called by Britain, the current G-8 Chairman, shows it is unhappy with the degree of agreement reached so far. Officials say it is unusual for such hard negotiations to take place at this late date.

I would only say to the reporter who wrote that, I'm not so sure how unusual that is. Indeed, I can't recall—certainly in the ones that I worked in, and I think Lael probably had the same view that somehow we were always there until the last minute and sometimes after the last minute trying to work out these communiqués.

So I'm not sure that the fact of these meetings per se is a testament to how hard these issues are, but there's certainly, at least in the case of climate change, as David Sandalow will talk to us about, and reducing could be some real problems.

So we're going to look at the agenda in a broad ranging way, focusing both on some of the key issues that the leaders have identified for the talks, including trade, assistance, climate change, but also at some of the political dynamics and to discuss these things, we're going to begin with Lael Brainard, my fellow former sherpa, and then we'll turn to some of the more specific issues with Susan Rice and David Sandalow; and finally Phil Gordon to explain how Tony Blair is going to survive this all after surviving all the political difficulties that he's experienced over the last several months. So, Lael?

MS. BRAINARD: Terrific. Well, thank you, and welcome to everyone. I'm going to talk just a little bit about context.

This is the first time I think since 2001 that the G-8 leaders will have the luxury of focusing on the kind of core globalization agenda rather than being preoccupied with the security crisis du jour, which has really been the main preoccupation of the last few years.

The G-8 always has this kind of two tracks. It has a set of activities and deliverable that they are working on on a longer-term basis, and then they frequently get side swiped at the last moment by some kind of regional or security crisis. Well, that doesn't look likely to happen this year, and that is a double-edged sword. It puts tremendous onus on producing concrete results.

The last time that was true, as you may recall, was the first year of the Bush Presidency and the meeting ended without making any progress at all on the central issue of climate change.

Tony Blair, for his part, has gambled his G-8 presidency on two very ambitious targets: first, on climate change, which David will talk about; and secondly, a massive increase in economic assistance, economic trade with Africa.

He has portrayed this meeting at Gleneagles as the first of two steps on the way to U.N. General Assembly, which will be squarely focused on where we are in the Millennium Development Goals, and he wants to use this to deliver concrete results.

My prediction is that President Bush is not going to give him everything that he needs to deliver a home run for Tony Blair at Gleneagles on either subject. And I think it's partly due to very political landscape surrounding the two leaders. Blair has enormously energized constituencies on these sets of issues, and the same is simply either just not true for President Bush or, in some cases, he actually has strong political support going in the other direction.

There has been a tremendous push forward on momentum in the advocacy community on Africa, on foreign aid in this country, but it just doesn't compare with the strength of popular support in Britain.

In terms of the actual deliverables on the poverty agenda, on the Africa agenda, the good news is that G-7 financial ministers made very important progress by taking the final logical step on debt relief for the poorest countries, as you know. They wiped out the debt stock to the multilaterals for 18 of the highly indebted poor countries.

And that, in itself, while it has a huge headline number, $40 billion of debt being cancelled, the reality in terms of what it means in terms of flows to these countries each year is about on the order of a billion—maybe getting a little higher than that—over time.

So the second piece of this is just in terms of scale. Much more important that the one billion dollars, $1 billion to $2 billion a year in debt service relief is a drop in the bucket compared with Tony Blair's ambitions of delivering a commitment by the G-8 to be spending 0.7 percent of GDP on foreign assistance by 2015.

Just to give you a point of reference today the average is about 0.25 percent. I don't think it's an accident that the debt deal got done well in advance of Gleneagles. My guess that the British leadership was aiming for even more ambitious agreements by the leaders. Taking debt off the table puts that much more pressure on the leaders to deliver on aid and trade.

The Europeans have already committed to the 0.7 percent target and an interim target of 0.56 percent by 2010, and I would say with that it's very important to just keep track of the numbers because between fiscal pressures in the EU and a past record of not always getting to where they said they would be it's not at all clear that they'll deliver on it.

But perhaps the biggest dilemma for Blair is the U.S.'s role. Right now, the U.S. spends about 0.15 percent of GDP on all development assistance. That's not to Africa alone. And Susan will go into much greater detail on the U.S. spending on Africa.

Now, I haven't heard a lot of detail on President Bush's announcement this morning, but the headline is that he would double aid to Africa over the next five years, and that's certainly very welcome. But if you look at the numbers, even if you take the fiscal '05 numbers as a base rather than the fiscal '04, generously that would mean at doubling to $7.6 billion from $3.8 billion roughly if you take fiscal '04, the base is more like 3.2. That might get us to within striking distance of 0.2 percent of GDP in

five years, which is still well below the OECD average. And that's because the reality is a very small portion of our foreign assistance still goes to Africa.

The target numbers would mean something like $76 billion spending by the U.S., by 2015. We're now at about $16 billion.

It seems enormous. If you think about Iraq, it's quite a reasonable number. We're spending about that much on a single country every year.

The other piece of that assistance story is Gordon Brown and Tony Blair's desire to get agreement around the international financing facility, which would be a mechanism for bringing aid flows forward by using international financial markets to raise money for foreign assistance.

And there my prediction is that the U.S. is simply not going to budge, and will continue not to budge and by virtue of not budging gives license to some of the other countries to balk at this.

There is a silver lining, a bit of a silver lining in that we have some early deliverables on vaccines. The President has made an announcement no malaria and so in the area of health, we're likely to see very concrete numbers coming over the next few years in a short period of time, and that's a big positive.

And then let me just briefly mention trade because if you look at the Commission for Africa Report, otherwise known as the Blair Commission, aid and trade, investment they're all on equal footing there, and when we hear from African leaders, when we hear from African business leaders, trade is just as important a part of that picture and perhaps over a longer term more important for sustainable growth in Africa. And that's where I think the disappointment is likely to be greatest. The leaders will inevitably do what they always do, which is say we want a really ambitious outcome for

DOHA, for the DOHA Development Round, and we ask our trade ministers to work hard when they come together at the ministerial in Hong Kong. But the reality is you don't get trade results unless you do very difficult political spade work.

And, for us, for the Europeans, that means on agricultural subsidies in particular cotton in our case, sugar in the European case as perhaps early deliverables. And if you at the political landscape, we don't actually see any of that political spade work being done, so it's hard to imagine a really noticeably different world in December on these issues. And if you look even on a much smaller trade agreement that's currently up for approval in Congress, the Central American Free Trade Agreement, we're stuck on what issue? Sugar. And so the likelihood that anything the leaders say in Gleneagles on trade that it has much traction, that it has much meaning over the next little while I think is very low.

MR. STEINBERG: Great. Thank you. Susan?

MS. RICE: Thanks, Jim.

MR. STEINBERG: Doubling of the aid.

MS. RICE: I'd like to spend a little bit of time on Africa and the poverty agenda and begin by putting it in context.

I think it's important to recognize that while Africa is one of the top two agenda items at this year's Gleneagles Summit, it's not a new issue for the G-8. The G-8 has dealt with Africa in the past. It's dealt with it at Kananaskis, at Evian, at Sea Island. But this year is different for a variety of reasons.

It's different because there has been a coming together of various different forces. One of the important ones is it's the five-year anniversary of the setting of the Millennium Development Goals, and in September, when the U.N. meets at summit

level, part of their mission will be to review progress towards meeting the Millennium Development Goals. And the Secretary General of United Nations, Jeffery Sachs, who's produced a very comprehensive report for them on the MDGs, the high-level panel of the United Nations, as well as Tony Blair's exhaustive Commission on Africa Report, all point to not only the gap between where we are now and where we need to be if we're to achieve the Millennium Development Goals by 2015, but the reality that Africa is the part of the world that is lagging farthest behind, and, in fact, on a number of the MDGs making negative progress.

And global poverty reduction interestingly has gained traction, Lael suggested, quite dramatically in Europe, and particularly in Britain, where it was a major issue in the British political campaign of the spring, in a way that is very hard for us here in the United States to begin to appreciate.

And yet, at the grassroots level here, as elsewhere, there is a growing groundswell that is combining the evangelical movement with celebrities out of Hollywood, and traditional NGO activists into a coalition which comes under the broad heading of the One Campaign, or "make poverty history" campaign, which is the U.K. name for it. And they are working with Geldof and others towards these Live 8 concerts, which will take place in a number of countries around the world this weekend.

And I point this out to suggest that the fact that there is beginning to be a popular groundswell for progress on poverty reduction and for Africa in particular and that this coalition represents people on the religious conservative side, as well as traditional liberal activists, suggests that there may be the beginnings of some political pressure brought to bear on leaders, including in this country, to raise the profile of Africa.

And I think perhaps President Bush's decision to make an announcement in advance of the G-8 today can be at least, in part, attributed to that greater public attention, particularly among some in his base.

But I want to spend a couple minutes on why the United States and our citizens ought to care about this agenda.

What does poverty in Africa have to do with us? And then I'll get to where we are, in fact, in terms of meeting that agenda. How adequate the United States' approach has been to date and the significance of the President's announcement today.

Obviously, poverty reduction is moral issue. When you consider that if the international community manages by great effort to meet the Millennium Development Goals in 2015, the benefit will be to lift an additional 500 million people around the world out of extreme poverty. It will prevent an additional 300 million from living every day with hunger. It will reduce child mortality by two-thirds, and enable universal primary education for children all over the world.

That's quite an extraordinary set of goals. And purely on a moral level, there's argument for why we ought to be concerned about achieving them.

But there's also a security argument, and you hear this security argument made quite eloquently by Tony Blair and a number of the European G-8 leaders. You hear it less in the United States. But I think, in fact, it's important and it's compelling and as we consider as a country how we want to respond to the proposals that President Bush has put on the table before today and today, as Congress takes up these issues, and as we weigh whether it's enough, bearing in mind the security implications of poverty, I think is worthwhile.

If you step back and consider that, to a significant extent, the threats we currently face globally are not only of the traditional interstate sort, but increasingly of a transnational character—things like disease, like terrorism, proliferation, environmental degradation, crime and narcotics flows. These sorts of transnational issues are, by definition, of a sort that can't be contained by actions of one country alone.

They are global phenomena. They manifest themselves in countries all over the world, often in remote places. And our ability to deal with them before they do greater harm to the United States is, in part, a function of the capacity of other states around the world to cooperate with us and to act effectively to contain and halt those threats within their own borders before they become even greater.

Conflict zones are among the places on the planet where these threats incubate and find their greatest manifestation. And poverty is a direct contributor to conflict.

And I think it's important to understand how significant that relationship is and its causal nature.

The British government did a very important study that showed that countries with per capita income of less than $250 per capita have a 15 percent chance of conflict over the next five years. That percentage of risk of conflict drops dramatically by the time you get to an average per capita income of a thousand dollars per person. And by the time you get to $5,000 per person, the risk of conflict over five years is less than one percent.

Why do we need to care about conflict? Well, I think you just need to look at the record over the last several years. Al-Qaeda, for example, has taken advantage of conflict zones from Afghanistan to Somalia, Sierra Leone and Liberia,

where it raised diamond revenue. It has recruited folks in far-flung places, from Chechnya to Bosnia. Criminal and drug networks have taken advantage of conflict zones in places like Colombia, as well as in Afghanistan.

These conflict zones are the perfect breeding ground for threats of all sorts.

But even absent conflict, poverty can substantially erode states' capacity to control their territory and their resources. And poverty erodes states' capacity by helping to weaken them, and these weak states, in turn, can indirectly pose environments that are antithetical to our interests as well as to their own.

And you see that vulnerability in many different respects. You see it in countries from Africa to Central Asia to parts of South Asia that have Al-Qaeda presences, such as in Mauritania, in Kenya, in Yemen—poor countries with less than $2 a day GDP per capita that have experienced a presence and even attacks by Al-Qaeda. You see criminal syndicates from Haiti to Tajikistan, and you also see countries lacking essential—the ability to provide their populations with essential human services—food, education, and health care—creating a vacuum, which in some instances have been taken up by external actors under the guise of charitable entities and not always with charitable intent.

So if we recognize that there is something of a security as well as a moral imperative to deal with these issues and that that is well understood in Britain in particular, in Europe more broadly, what does that suggest about what we ought to be doing and where we are in relationship to what we ought to be doing?

Well, the goals on the table are clear: the OECD goal, as Lael discussed, of 0.7 percent of Gross National Income of the richest countries devoted to development

assistance, overseas development assistance by 2015. The United States is currently at 0.16 percent. That leaves us second from the bottom of the OECD.

It involves improving the quality of aid, not just the quantity. It involves debt, and we've talked about that. I won't belabor it. It involves trade, openness, market access, ending agricultural subsidies, as Lael suggested, and dealing far more effectively with the challenge of disease, a topic which I raise on the day when the U.N. announces that we're unlikely to reach the WHO's three by five goal, of having three million people on anti-retroviral treatment by the end of this year.

So we are not where we need to be. Now, the Bush Administration has claimed that in response to this agenda that Tony Blair has put on the table that we are, in fact, already doing a great deal; that the United States has tripled aid to Africa over the last four years. That's looking from fiscal 2000, the last completed fiscal year of the Clinton Administration, through fiscal 2004, the last completed fiscal year of the Bush Administration.

Well, my colleagues and I did an analysis of that, which is available on our web site. I think it was also distributed out front—to really get behind the numbers and determine whether that is an accurate claim.

What we found is that in real dollar terms, there hasn't been a tripling of aid. There hasn't, in fact, even been a doubling of aid. In the fiscal 2000 to 2004 period, in real dollar terms, U.S. assistance to Africa has indeed increased—and I don't want to diminish the significance of that—but it has increased by 56 percent rather than the 200 percent that a tripling would indicate; and in nominal dollar terms, 67 percent. But you look behind that number and realize that it's even not as positive a story as that because more than half of that increase has come in the form of emergency food aid. And

emergency food aid obviously is important. We have to do it. We ought to do it. It saves lives, but it isn't developmentally beneficial. It doesn't lift people out of poverty in any sustainable sense, and is frankly not the sort of aid that Tony Blair and others in the G-8 are calling upon the Administration and others to increase.

If you look strictly at overseas development assistance, that which does have a developmental impact, and you factor out food aid and security assistance, the increase is really 33 percent in real dollar terms, and if you look at fiscal '05, which, of course, hasn't been completed and for which we can only make estimates based on the Administration's numbers, it will have increased 74 percent.

So the claims have not to date matched the reality. But it's more than about numbers. It's about the nature of the programs and the quality of that aid. As Lael said, we haven't made any specific commitments on the trade side. The President's announcement when Tony Blair was in town of $674 million additional aid was again food assistance, emergency food aid.

And so we are not where we need to be.

Now, today was important. The President said some things that I think bear highlighting.

He first of all did something which he has refused to do up until now, which was to commit to any specific target for future increases of aid to Africa. He committed to doubling aid by 2010, doubling U.S. assistance.

Now, I think we have to be careful with this. As I've said, he's still again claimed today to be—have tripled aid, which is not accurate. So in the doubling, I'm going to assume, as Lael did, that we're talking about the estimates for fiscal '05, which are a little short of $4 billion. If we double, we'll get a little short of $8 billion.

Let me put that in context relative to Tony Bush's—Tony Blair's—that's a really bad Freudian.

[Laughter.]

MR. GORDON: They call him that in the U.K. as well.

MS. RICE: Relative to Tony Blair's goals. The Commission for Africa and Blair himself have called upon wealthy nations to increase by $25 billion a year aid to Africa by 2010, so that would be essentially a doubling of the current aggregate global levels from about $25 billion now by an additional $25 billion at 2010; and a further $25 billion, up to 75, by 2015.

And this ramping up is meant to be a function of absorptive capacity so that capacity to use the aid keeps pace with the quantity of aid.

The EU has already committed to provide $17 billion of that $25 billion we're aiming to get to by 2010. So the President, if he fulfills his commitment, will have added another $4 billion today to that $17 billion, with this doubling.

That still leaves a gap of $4 billion. I mean presumably the Japanese could pick up some of that; the Canadians could pick up some of that. But the United States is not keeping pace with the EU toward that goal, and has made no further commitments to 2015, as our EU colleagues have.

And they have committed to the 0.7 goal.

The last thing I want to comment on is the President's Malaria Initiative today. He focused on the right issues. Malaria is a critical problem. It's an achievable win for the international community. It could save, you know, hundreds of thousands of lives each year. It's something we ought to be doing.

But what he said he would aim to do is to spend $1.2 billion over the next five years. That would be a significant increase of over where were now, because, in fact, when the President submitted his fiscal '06 budget, he cut funding for infectious diseases by $45 million, and the House and the Senate have restored and, in fact, increased that level, so it may come out above that, but what the President proposed to spend today in '06 wouldn't even restore what he cut in his budget.

So we need to look very carefully at these numbers, and we need to accept the priorities are right; the goals are right, focusing on malaria, on women, on girls' education—things that the President talked about today are exactly the kinds of areas we ought to be focused on.

But as we go forward, I think it's vitally important that the numbers match the promises; that hasn't been the case with the AIDS initiative. It hasn't been the case with the Millennium Challenge Account, and I think it is manifestly in our interests, from a security point of view as well as from a humanitarian point of view, that we meet the commitments as the President lays them out; and that we don't play games with the numbers, and that we strive to be even more ambitious as we need to achieve the poverty reduction goals that Tony Blair and the U.N. and others have set forward. Thank you.

MR. STEINBERG: Before I turn to the others, let me just ask both Lael and Susan since you've both been very involved with the Millennium Challenge Account, one of the things the President said today is that—he said that we will double aid to Africa over the next five years, quoting, "with primary focus on reforming countries."

And I wonder whether either or both of you want to say just a word about where we are with the MCC, and whether you would expect that this would become the vehicle for this—a significant part then of this additional assistance?

MS. BRAINARD: I think that the Millennium Challenge Corporation has been tremendously important as an innovation on the aid landscape. It does business in a somewhat different way. The really virtuous parts of it are that it puts countries in the driver's seat. Madagascar put forward its proposal. There was negotiation back and forth with the officials at the Millennium Challenge Corporation, but at the end of the day, it reflected very much Madagascar's own priorities rather than our traditional method, which would be to have USAID do the programming with some input from the resident country.

So that piece is very important.

The other piece is very important, very distinctive, is the very tough criteria that the Millennium Challenge Account sets.

The flipside of those very tough criteria is that the most populous countries in Africa are essentially excluded so far from the Millennium Challenge Account eligibility, and so it's not likely to be the primary vehicle going forward for reaching the greatest number in Africa. In fact, the biggest numbers going to Africa already and likely to be so for the next few years are going to be through the PEPFHA, the President's Emergency Plan for HIV/AIDS. That's really where the big increases have been in the development assistance area, and that's where the big increases are continuing to be projected out, and that's really based on need, based on the crisis in many of these African countries.

MS. RICE: Jim, I would just add that the Millennium Challenge Account, as Lael said, is an important innovation. In a sense, it's an experiment and whether the United States and others can get development assistance right or do it more effectively. The way they propose to do it more effectively is to focus on these high-performing countries. And I think it's a worthy experiment. But it leaves out a vast number of middling and weak performers who are long far away from being able to be eligible for MCA. And if we end up with an assistance strategy that is so skewed toward the high performing countries, and has really nothing left of significance except food aid for the weak performers and that seems to be, in many respects, the direction we're heading, then we are I think dispensing aid in a way that is not commensurate with our own security interests.

We need aid strategies and development strategies that go beyond aid that can be made to be effective in weaker states and middling performing states, states where, as Lael said, the population may be larger. If there is, in fact, economic growth achieved in places like Kenya or Nigeria, or Ethiopia, those countries have sufficient—the benefits can be spread to their subregions more broadly.

If Senegal or Cape Verde or Madagascar grow at 10 percent, it will be great for the people of those countries. It's not going to have any powerful knock on effect in the region.

And if the—one of the central security imperatives we face is dealing with weak states, and increasing their capacity to be more effective cooperants with us, then we better have a strategy that helps them grow and develop, too.

MR. STEINBERG: Well, David, the President gave a big speech focusing on aid, but hasn't had a great deal to say recently about the other big topic of

the Summit and everybody is predicting this to be the real clash here in which Tony Bush really has to decide whether he's Tony or Bush.

MR. SANDALOW: Well, thanks, Jim. There's an old quip that there are two seasons in Scotland: June and winter.

And so I want to start by wishing all those going to Gleneagles good luck. With the balmy month of June behind you, who knows what fierce some weather might await you on the Scottish soil.

But, of course, I come here to talk about not the climate in Scotland, but the much more serious topic if climate change at the G-8 Summit.

And I'll have five observations on that topic.

The first being that Tony Blair took a big gamble in identifying global warming as one of his priorities at the G-8. By tradition, the G-8 operates on consensus. Summit leaders crave success. And the odds that Tony Blair would convince President Bush to join the international consensus on global warming at this Summit were never great.

Today, six of the G-8 countries have adopted serious mandatory measures for addressing global warming. The European countries within the G-8 have a continent-wide trading program in place. Japan has a range of measures. The one that's gotten the most publicity in recent months are directions from on high for changes in dress codes to lower the air conditioning in Japanese buildings, but there's a range of very serious regulatory measures the Japanese have put in place, and Canada has new automotive fuel efficiency standards.

The only countries that lack that kind of serious mandatory measures today within the G-8 are the United States and Russia.

And although, it's no longer the central issue, seven of the eight G-8 countries have now ratified the Kyoto Protocol.

Now, it's true that in the U.S. in recent months, there have been remarkable political developments on global warming. Just within the past couple of months, the Republican governors of the two largest states in our country—of course, New York and California—have both embraced very serious forward leaning programs to address the global warming problem.

Perhaps even more dramatic, just last week in the U.S. Senate, a sense of the Senate Resolution was passed that endorsed mandatory market-based measures to address global warming—this for the first time.

So and as well our nation's largest company, General Electric, has also just embraced serious measures from a corporate standpoint to address global warming. So there's a lot of political momentum within this country towards action on global warming.

But still, I would be surprised if the Bush Administration made a significant move on this issue at Gleneagles. Just yesterday, in an interview with the Times of London, President Bush declined to embrace the scientific consensus on this issue. He was asked do you believe the Earth is, in fact, getting warmer, and, if so, do you believe that it is man who is making it warmer?

He replied, I believe the greenhouse gases are creating a problem, and it's a long-term problem that we have to deal with. Interestingly, when President Bush first came to office, he commissioned a report from the U.S. National Academy of Sciences that answered the question he was asked in the affirmative. But President Bush has

declined at this point to embrace that statement and I think many observers would be surprised if he significantly changed direction at Gleneagles.

I don't have much detail on what he said this morning, but I gather he made general statements about the importance of environmental protection in his speech.

That this leaves Tony Blair with a choice between celebrating a weak agreement or candidly admitting that he has achieved less than he hoped. And I think the greatest fear of many of those urging action on global warming today is that little will be accomplished at Gleneagles, but that Tony Blair will stand up and celebrate it.

Summit leaders, of course, do crave success. And Tony Blair will have a natural inclination to characterize whatever is accomplished there as a significant step forward. There is a large concern certainly within the advocacy community that if he does that, he will undercut the political momentum on global warming in the United States.

So my first observation is that Tony Blair took a big gamble by highlighting global warming at Gleneagles.

The second observation: communiqué statements on science or leadership would not be new. There's been a back and forth in the press about what the communiqué might say on the topic of global warming science and on whether industrialized countries should show leadership on this issue. And actually, there have been many leaked drafts and this dialogue in the press in part reflects the new era of transparency in international relations that we're in, in which even negotiations that historically have tended to be quite private such as the G-8 Summit negotiations are now playing out in part in the press.

But we put together here a compilation of all the climate change statements in communiqués dating back to 1990 from the G-8 Summits, and they were available outside, and they're going to be up on our web site. And I think it's instructive to look at that just as guidance. In 1997, at the Denver Summit, the G-8 leaders said, there's overwhelming scientific evidence linking the buildup of greenhouse gases in the atmosphere to changes in the global climate system.

And the last time Prime Minister Blair hosted the G-8 Summit, in Birmingham, in '98, the G-8 leaders said that the greatest environmental threat to our future prosperity remains climate change; so merely a statement that the leaders assembled agree on the science of global warming would not be of significant step forward.

There's also been a back and forth about whether a statement that the industrialized countries accept leadership on this issue would be a step forward. It's useful to look at the 1990—and I'm not misspeaking—the 1990 G-8 Summit which was hosted by the first President Bush in Houston. In paragraph 62, where the leaders said, we, as industrialized countries, have an obligation to be leaders in meeting challenges, such as climate change.

So the notion that industrialized countries are—should be leaders on the issue of climate change was embraced 15 years ago, and would hardly be new today.

My third observation is that important advances are possible at least in theory. They include a communiqué statement on mandatory domestic measures or pledges of significant additional resources for clean energy.

Now, there is an interesting possibility here if Tony Blair would like to move the dialogue forward on global warming. And here's a suggestion: He could

include the central language from the Sense of the Senate Resolution past last week in the G-8 Summit communiqué and see whether all leaders there agree with it.

If he did that and if he were able to gather the agreement of all leaders assembled that mandatory domestic measures were appropriate just as the U.S. Senate believes, that would certainly be a significant step forward and one that in my opinion would merit Prime Minister Blair standing up and saying that much had been accomplished; that is not a statement that the G-8 leaders have ever made.

Another possible step forward would be significant new resources for clean energy projects. That it's not clear the extent to which that has been part of the preparatory process or how much is really teed up in that area. But we need significant new resources pledged and that in theory would be a significant step forward, particularly because we will have five major developing countries in Gleneagles as well, and that leads to my fourth observation, which is that the presence of major developing countries provides an important opportunity at this Summit.

In addition to the G-8 countries, China, India, Brazil, Mexico and South Africa will have leaders in Gleneagles. The countries assembled there represent 65 percent of global greenhouse gas emissions. And that is a group that could get something done if it set its mind to it. At a minimum, I think many hope that there will be a constructive conversation between the leaders of all these countries and, by the way, the learning on this topic can by all means go both ways. I was in Brazil last week learning about their ethanol program and Brazil has made enormous strides on both weaning itself from any dependence on foreign oil as well as reducing the emissions from its transport sector with sugar cane-based ethanol programs. And Brazil can serve as a model for the G-8 and the rest of the world in many ways on this issue.

And China today has automotive fuel efficiency standards that are significantly more stringent than those in the United States. As some are saying right now, U.S. companies can't sell their car fleets in China because we don't meet their fuel efficiency standards.

So there is a lot of opportunity for learning going both ways. There's also opportunity for agreement on negotiating processes going forward. And these groups of countries assembled in the room on an ongoing basis could make a huge difference in addressing the global warming problem.

Fifth observation: Private conversations among leaders can make a big difference. Private conversations among leaders can make a big difference, and just two historical—two recollections in that regard.

First is the experience in 2001. In 2001, as many people here will recall, President Bush in a fairly dramatic fashion rejected the Kyoto Protocol and that led to loud complaints in Europe, from European leaders and the press, and a lot of public outcry on that topic. When President Bush and his entourage traveled to Europe in June of 2001 for a U.S.-EU Summit and then ultimately there was a G-8 meeting, they came back with the impression that although—that privately leaders did not really care about the global warming issue. They were led to believe in these private conversations or at least they came back with the impression that, however much public brouhaha there was on the topic, the real concerns for global warming did not rise to the top level. It is very important that private conversations in Gleneagles track whatever is said publicly.

Similarly, in 1997, at the Denver Summit, there were strenuous private conversations on the topic of global warming, as Jim and Lael will recall, and those had a big difference within our government.

The famous poem by John Cleveland in which he writes: "had Cain been Scot, God would have changed his doom, not forced him to wander, but confined him home." And in fact, Scotland is a lovely place. I know we all wish those traveling there, including President Bush and other world leaders a very pleasant trip.

MR. STEINBERG: Thank you, David. Phil, under certain circumstances, the ultimate dream of a leader that has the Chair of the EU and the G-8 at the same time: is it an opportunity or a poisoned chalice?

MR. GORDON: Probably more an opportunity than a poisoned chalice. I mean David is right obviously that Tony Blair took a great risk in putting this particular agenda on the world stage, especially on climate change. But it is at the same time a chance for him to change the subject because the subject in Britain in particular has been his unpopularity and Iraq and his closeness with George W. Bush.

So I guess the first point I would make is for Tony Blair at least, even if it fails—and I'll try to explain why—this is probably good news for him to be able to chair the G-8 Summit.

My colleagues have already talked expertly about the main substantive issues on the agenda—the world economy, climate change, and Africa.

Let me talk a little bit about the politics and starting with Blair. Blair is in a funny political situation right now. He just won his third term in office for the Labor Party—the first time the Labor Party has ever won three straight terms.

If he were to fill out the—if he were to serve the entire term, he would surpass Margaret Thatcher's record of 12 consecutive years. No party, not even the conservatives, has ever won three straight solid majorities like Tony Blair just did.

In that sense, you would think this guy is doing very well. In reality, this same person who was just reelected is hugely unpopular in Britain. He is accused of having spun the Iraq War, been too close to President Bush, and the great speculation in the U.K. is not—is when he is going to step down in favor of Gordon Brown, and not if. So it's a paradoxical situation and I think the G-8 is relevant to that situation because, as I said, it's a chance for him to change the subject. And he's already started to do that, and it's very welcome for him that we're here talking not about Iraq, but about issues that he would like to be associated with.

And again, if the problem for Blair is that he's seen as too close to George W. Bush in the United States, these issues are perfect for him. And that's why, David, on the one hand, it's a great risk, but even if he fails—and that's the point I wanted to make—he can at least say to the world opinion, and to his Labor Party, which is furious with him, you see this is my agenda. It's not just Bush's agenda in Iraq. We have our own agenda, and it's aid to Africa, and it's climate change.

So I think it's almost win-win for him. Obviously, if he can manage to get the United States to make some changes on these issues, and he can announce at the end, again as David said, that, you know, declare victory—we persuaded the United States to do more on these issues than they were ever prepared to do, and we put them on the world's agenda, and we have now accomplished a lot for Africa and the climate, he wins. But even if he fails to do that, as I think the discussion suggests he will, he can at least say I got them to do more than they otherwise would have done. I've put this on the world's agenda. And Tony Blair's agenda is different from George W. Bush's agenda.

What about Bush? Just if we're talking of politics of all of this. I think for Bush probably it's reversed; that the political risks are greater than the possible gains.

And the risk there is that Bush has put back in the category of the international global bad guy dragging his feet. I don't know why I said back in the category. Stay in the category.

I guess I said back in the category because I would say that over the past couple of months and even year, the U.S. image in the world is slightly better than it was during the immediate Iraq crisis. We see that in the Pew polls released last week—a slight up tick in U.S. favorability ratings, and with Europe in particular, Bush's two trips to Europe, the emphasis on diplomacy of the new term, the new personnel, all made a little bit of progress with the Europeans.

It's fair to say, however, that the issues on the agenda for this summit are not the best territory for Bush to continue that slightly positive trend.

And again, if you look at it in the context of the U.S. image in the world and this is as the U.S. in the spotlight, how will we be judged, I think the chances are quite negatively given the issues that are on the agenda.

I mentioned the Pew poll, and I think it's relevant to cite from it here. U.S.—I said there was a slight up tick—but it's still way down from a few years ago, when among the other G-8 publics, we were in the 60 to 80 percent favorability rating. Do you have a favorable view of the United States? Even a few years ago, for all of the other G-8 countries, we were between 60 and 80. Now, we're between 40 and about 55.

Even worse or just to give, you know, further flavor to it, among those G-8 publics, other than Japan and Canada by one point, China has a better favorable rating among all the G-8 countries than does the United States.

In terms of judgment of leadership, George W. Bush is behind the other main leaders. He's about 10 points—it varies by country obviously, but he's about 10

points behind Tony Blair, who, in turn, is about 10 points behind Jacques Chirac, which puts Chirac 20 points above George Bush in terms of public opinion in key European countries and Canada.

So he's starting pretty low.

Last example to underscore the point, which probably doesn't need belaboring on the key question of whether the United States, whether people believe the United States takes their concerns and interests into account, I'll give you the numbers: 19 percent of Canadians say yes; 32 percent of Brits; 18 percent of French; 38 percent of Germans; and 21 percent of Russians.

So among the publics of the other leaders that are going to be present, people just don't think the United States pays attention to their interests and their concerns.

And that's why again, you get back to the Summit agenda. One of their key concerns—I mean Africa is a key concern—and foreign aid—certainly climate change is very high on their agenda, and in a way it's the poster child for the issue that they care about that the United States isn't willing to do anything about.

So in that sense I think for Bush politically, unlike Blair, the risk is great. To the extent that he was making any progress in getting beyond the crisis of the past few years and having a little bit better view of him in the world, the risk is that the headlines after this Summit are not U.S. to Double Foreign Aid, but rather U.S. Again Drags Its Feet, U.S. Refuses to Address Global Climate Change or, as Lael put it, U.S. Now Within Striking Distance of Zero Two Percent, which is about one-fourth of where they should be.

So I think the U.S. is looking at it in those terms, and will try to do what it can to persuade the world media to write the first headline: Bush to Double Aid. But the risk is of the opposite.

I think it's also relevant to think about the European context, political context, in which this takes place, which is against the backdrop of a fundamental crisis in the European Union and a fundamental challenge to the political legitimacy of several of the leaders who are going to be sitting around the table which probably doesn't augur well for great generosity and unity at the G-8 Summit.

I already mentioned Blair and his horrible domestic political situation that he's trying to dig himself out of. But Chirac after the failure of the referendum and the direct slap in the face of the French leader, his favorable numbers in his own domestic politics are down to a historic low for him. It's around 27 percent. You know, not a great situation of legitimacy to move forward.

Gerhard Schröder just lost a regional election in a Social Democratic bastion that was unimaginable to lose for 40 years, leading him to actually call elections early, even though he's in a terrible political situation, but realizing that he could get nothing done in the next year unless he took a massive gamble, which he is widely expected to lose and to leave power in September.

Silvio Berlusconi's similar situation, like Blair, widely criticized at home for being too close to George W. Bush, supporting Iraq, not helped by the incident of the U.S. shooting of the Italian Secret Service agent in Iraq, who was freeing an Italian hostage and then followed by the reports and now indictment of CIA activity, appearing to treat Italy like a banana republic and just capturing someone, which Berlusconi now seems to have approved, all of which makes him in a horrible political situation. And

again, when you look at them across the board, that probably doesn't augur well for coming together and tapping into that political legitimacy to do difficult things that cost money and that demand something of public opinion in those countries.

So I think in that context, the EU crisis and the challenges for these leaders which will force them to be a little bit populist and make stands for their own countries—probably the major question surrounding the Summit is whether Blair and Chirac will even speak to each other because the level of invective that has been flying back and forth between Paris and London over who's to blame for this mess is really almost unprecedented in the post-War period. And that's saying something.

It even surpasses possibly the invective that was flowing back and forth the Iraq crisis between Chirac and Bush. Chirac, Schröder on one hand, and Blair and the other Atlanticists on the other. You really have these leaders going head to head and frankly two visions of Europe going head to head. It wasn't just who was to blame for the referenda and the death of the EU Constitution. But then the budget crisis in the EU that could have been an opportunity for leaders to rally together and say okay we didn't have the constitution, but we have a united vision of moving forward as the European Union that couldn't agree on a budget, and Chirac directly blamed Blair and his narrowness in defending this outdated British rebate in the budget. And Blair directly blamed Chirac for continuing with the common agricultural policy which he says is not only sapping the EU budget, but undermining poor people in the world who are trying to compete with European agriculture.

All that is to say that it's a pretty nasty situation. It's going to be hard for these leaders to overlook that and show great unity behind the great leadership of Tony Blair at the G-8.

Last point just to flag. It's not really on this agenda, but in a way it should be, and it can't be overlooked is the fact that when this Summit and presidency ends, the baton is passed to the Russians. And I think that point needs to be kept in mind.

The Russians, the whole idea behind bringing the Russians into this process was that the incentive of doing so and the reward for doing so would be to get them into this world of industrialized democratic countries. But a lot of people are starting to think that Russia hasn't merited that and find it quite an anomaly that the Russians are even there in the first place, let alone taking over the presidency of a group that is meant to direct in an enlightened way the world economy, help spread democracy around the world and meet some of these common challenges.

And as you know, there's even legislation put forward in the U.S. Congress, both the Senate and the House, calling on the other G-7 leaders to suspend Russian membership unless they get their act together. That's unlikely, but I think as soon as this Summit ends, the cloud or the issue of the Russian presidency is going to be the next big question on the agenda.

MR. STEINBERG: Thanks, Phil, and let me conclude before we turn to questions with two observations related to this last point.

There's a nice segue and it wasn't even planned. I would like to raise the speculation about whether this is the last G-8 that we—in this format that we've known, and there are two reasons or three reasons for that.

One is, as Phil suggested, that with the Moscow Summit coming up I think there is some serious rethinking, not only of the political issues involved with

Moscow chairing it, but also just the extraordinary amount of preparation that needs to go into it, and the question of whether the Russians could actually handle that.

But second, as David mentioned, we have a number of developing countries leaders who are going to be present at Gleneagles. We have had I think, Lael, for the first time was when you were sherpa back in 2000 that this practice of inviting other leaders coming forward and there's been a growing question about whether others, particularly India and China and perhaps others should be brought into the mix. And I think the combination of this—the possibility of the Moscow presidency and the likely failure of Security Council reform in connection with the general—the U.N. Summit in September means that there's going to be enormous pressure to find some institution on a global level that will accommodate India, China, Brazil, perhaps the others, and, of course, it's a lot easier to do that in the G-8 context because you don't have to get a vote in the General Assembly, and there are no decision making authorities like vetoes to have to discuss as there would be with Security Council reform.

And so I see kind of a perfect storm coming together that is going to leave the leaders to think about an innovation beginning with the next Summit that would take more formally into account this new practice.

Change is always difficult, and so it's always a bit going out on a limb to suggest that it will, in fact, happen. But I think all the forces seem to be coming together for the leaders to want to be able to take step.

Now, of course, there's still a debate about what that would be changed to. Is it G-10? Is it G-12? Is it G-20? And there's a lot of work that we've been doing here at Brookings looking into that question.

But I do think that the time is increasingly becoming ripe to see that kind of change; also the difficulties of the G-8 in the sense of dissatisfaction anyway with the G-8 process is another reason why sort of there aren't a lot of constituents to hold on to the past.

The second observation I would just make about the Moscow presence is the deep speculation of whether Putin is going to wear his World Series ring at the Gleneagles Summit. With that, let me turn to your questions.

As always, we have a microphone so once you're recognized, if you could identify yourself and then ask your question. And why don't we start in the front row right here.

[End of panel presentation.]

QUESTION AND ANSWER SESSION

MR. : Question for Philip I think, of two halves. Firstly, if President Bush is isolated by this Summit, does it matter give that he has been reelected? And secondly, why not Tony Blair take the risk of isolating Bush on climate change, given that the two are already close and that he has nothing to lose as you said politically from criticizing Bush on this as long as the crucial question of Britain having some leverage on Iraq and Iran is maintained?

MR. GORDON: Well, I think it matters, and I even think President Bush thinks it matters. You know, I think you can read … there was a time when one might have concluded that the Bush Administration just really didn't care about international opinion or they would rather it be better than worse, but it wasn't a high priority.

But I think it—you know, if you look at the actions, not only the tone, but even some of the policies of the second term, there really is an emphasis. There seems to have been a conclusion that obviously if you have to go about things unilaterally and you don't take these things into account. But when you can, you do a lot more. And the whole thrust of the President's decision to go to Europe as his first trip and the Rice statement at the hearings, the time for diplomacy is now. And even some tweaks on policy like supporting the European negotiations on Iran or allowing a bit of ICC resolution to go through at the U.N. and going to visit the European Union during Bush's trip all of that really seemed to be an effort that said, boy, it would sure be nice if we could get it a little bit more international legitimacy and support. It's not a transformation and a decision to do everything possible to improve the U.S. image, but it was a recognition that it mattered, and that's why I do think going into this Summit, I also think that it matters and that they want to do something. It matters probably even more than they recognize for a reason that Tony Blair himself articulated or has articulated many times, but if you remember at the Davos Summit last year, he specifically said as part of this effort to remind the world that he gets something for his friendship with the United States. He made the statement that if America wants the world to support its agenda, i.e., Iraq, it has to show the world that it supports the rest of the world's agenda.

And I think this Summit is a sort of call or an opportunity for the United States to do just that. And he's putting it to Bush and reminding the Americans that if they don't manage to deal with some of the numbers I read you from the Pew poll, then the next time they ask for our support, say, dealing with an Iran crisis or a China-Taiwan

crisis, or whatever else the United States thinks is important, they're not going to be there.

And that's quite credible now. Again, maybe in 2001, you could have argued that we're so powerful that the others will just follow along, in Iraq, for example, because they won't have a choice. It's harder to argue that now.

And as we continue to bear such a large portion of the burden in Iraq and for some of these challenges, I think it's clear to Americans that if you can deal with questions like this would be very helpful.

MR. STEINBERG: I would just say that on the Blair side of this that I'm not quite so sure it's that free a shot for Blair to just disagree with Bush and get the domestic political benefit. I mean I think it's a bit of a lose-lose for Blair here in the sense that, one, it's not his style to take on Bush in a visible way. I mean he's clearly trying to up the pressure in advance to get the most he can and make it easy on himself to be able to have something concrete to push for success.

But I also think it will be difficult for him to go out and say, well, my friend, George Bush, let me down, and I tried for this, and he didn't do it. And so I think at the end of the day he wants to try to increase the pressure by hinting to the White House that there's a risk of rupture here, but I think it's going—it would be very hard for him to do that. I think people would say he would lose there as well because even though he had stood up against Bush, he didn't succeed, and so I don't think he really gets a great domestic benefit in the U.K. if he—just by claiming well I stood up and didn't roll over for Bush.

MR. GORDON: Just to add—I mean you're no doubt right, Jim. Blair is not going to stand up to Bush. I mean he's proven over the years is he's not going to do

that, and as someone said, you know, it's in his DNA to support the United States. He's not going to go after him, whatever, but the reason I don't say lose-lose is I don't—it's not overstating it, but he doesn't have that much more to lose. I mean if he goes out on the current trend, you know, people won't remember him as the guy who won three consecutive victories for the Labor Party and all that. They'll remember him as the guy who discredited his presidency and was widely despised by the British public because he was a poodle to George Bush, and he'll be replaced by Gordon Brown and that will be his legacy. I don't think he wants that to be his legacy and this is at least a fighting chance for him to remind his own people that he has his own agenda.

MR. SANDALOW: Jim, can I just comment from the global warming perspective on this question. I think it's the dialogue between the two of you that has the global warming advocacy community in the United States so worried at this point; that there has been this political momentum towards further action on global warming in the United States over the past couple of months. That has been driven in part by a strong sense that the Bush Administration's position is isolating the United States on this issue.

If at the G-8, the United States is able to stand up with the rest of the G-7 leaders and—

[End of tape 1, side A; flip to side B.]

MR. SANDALOW: Blair for having taken such strong measures on global warming without having much changed his position, there's a fear that that will actually chill the political movement towards action on global warming in the United States.

MR. STEINBERG: All right. Right here.

MR. : My question is for Dr. Rice.

MR. STEINBERG: Can I ask—I didn't get [inaudible], but if you please identify yourself before you ask a question.

MR. AHMED: Yeah. My name is Dr. Mohammad Ahmed, a medical doctor from the Sudan. And my question is for Dr. Rice. Dr. Rice, Martin Luther King once said the dark of humanity is so long, but that the ends—it bends towards justice. I think we hope we're all justice seekers.

My question to you, you have dealt with the file of Sudan when you were at the [inaudible] at the State Department. This country exemplifies the tragedy as well as the hope of Africa if there is any hope of Africa. We have all been the culprit in destroying this country. This country, labeled by the World Bank as the breadbasket of the world, is now $16 or $17 billion in debt, all of it given to a military dictator, which is Numeri under the watchful eye of the United States of the whole world, and we keep screaming don't give it to him. It was now stashed in banks. When we got sick and tired of him, we kicked him out of power. Democracy came and Chevron who had the whole monopoly of the oil of Sudan at that time didn't get out a drop. So democracy fell again. This is the third democracy because we couldn't deal with a $17 billion debt. And now a mostly hardliner and a [inaudible] came, went to China, and China dig the oil out.

MR. STEINBERG: All right. Can you just get your question—?

MR. AHMED: And now, my question to you why—democracy is at—if the G-8 gives billions and billions of dollars to Africa, to Sudan, it will not, because these people do not represent—these leaders do not represent their countries. Why this double standard? Why the United States and for that matter why don't they spend the billion that they're spending in Iraq—now $150 billion—to reform the regimes in Africa? Let people defend themselves.

MR. STEINBERG: Okay. Let's give Susan a chance to answer.

DR. RICE: Well, I think what we're talking about is the importance of making investments in Africa and in other parts of the world where state capacity is weak, not only out of a humanitarian imperative, but out of a security imperative. An important aspect of that equation for success is obviously quality governance on the part of African leadership and governments themselves. One of the encouraging trends in recent years is that the quality of that governance has improved. There are a number of—there's a substantial improvement in the number of democracies. If you go back to 1990, there were roughly five countries in Sub-Saharan Africa that could be legitimately construed as democratic. Today, it's roughly five times that number. That's a positive trend. The African leadership is increasingly taking responsibility for its own future, for its own governance, for its own conflict resolution. Those are all positive trends, and I think the message that Tony Blair has underscored, and I think it's absolutely accurate is that there are improvements on the ground in Africa. Governance is improving, not perhaps everywhere, not as fast or as thoroughly as we might like to see, but it is in our interest to support that transformation. And well targeted, high-quality, and increased assistance, along with improved trade and debt relief and efforts to prevent and resolve conflict is a win-win for the developed world and the developing world. And Africa ought to be our focus in that regard.

MR. STEINBERG: Right over here.

MR. COYNE: Marty Coyne from Platt's. This question is for David Sandalow.

Given the history of the G-8, and the fact that—well, at least the speculation that many of the European Union countries will miss their first phase Kyoto

targets, I guess what confidence or what do you think the odds are that the leaders at the G-8 meeting will privately hold Bush's feet to the fire on global warming, given the fact that, you know, there's a question as to whether they're actually going to do what they say they're going to do.

MR. SANDALOW: I think that's a great question, Marty, and I have to say I don't know the answer, and I would hesitate to speculate. I think, as I said in my remarks, the last time there was a dialogue like this, the—with this type of profile, the Bush White House came back with a view that leaders privately didn't care as much about it as their public remarks indicated. I think in the years since, some of the leaders, certainly including Tony Blair, have ratcheted up their public profile on the issue even more, and there is certainly in the years since the 2001 experience been a growing sense in the scientific community that this is a problem that we need to address.

So I think there's a possibility that the leaders will be very forceful in their private conversations. Beyond that I just don't know.

MR. STEINBERG: Over here. Okay. That one. The one in the blue shirt. The blue shirt.

MR. : With regard to your—

MR. STEINBERG: Please—

MR. MELLON: Sorry. Fergus Mellon, Georgetown University. With regard to your final point regarding expansion of the G-8, do you think the parallel can be drawn with the expansion of the EU and how it weakened this institution? If so, what lessons do you think can be learned going forward?

MR. STEINBERG: I don't think so, because the EU has—is an actual governance institution. It has authority. It takes decisions. It determines budgets,

regulations, and things. The G-8 is a talk shop. It can be a useful talk shop if it can help important countries to come together around common policies and provide an impetus, but the decisions that are taken there don't have any authority beyond the individual authorities that the individual leaders bring to it.

So the risk of expansion in terms of diluting the capability of the G-8 to act is very low. And as I said, the addition of Russia, and particularly the focus on Russia now, really points to that fact, because, although there was great hopes at the time that Russia was added to the G-8 that it would become an effective country that acted in many ways like others and became an important part of the global leadership circle, events have not played out very well in that respect. And so, you know, having the China or India sitting at the table is unlikely to have that much of an impact in terms of the ability of the group to reach decisions; and to the extent that they can with China and India and Brazil there, it will both be seen as having greater legitimacy, but also greater ability to deal with the kinds of questions we're talking about. If we're talking about climate change, and you don't have China there, you're not serious. I mean this is the future of the problem, and whatever you think about whether developing countries or developed countries should have a leadership role, ultimately there is no answer without India and China being part of the solution.

So I think that the—unlike some other institutions, like the Security Council or the EU where having more voices leads to the risk that it's even harder to reach consensus and move forward on the urgent problems, there's at least as good an argument that a bigger group around the G-8, when it can reach decisions, will be more useful and is not likely to interfere with being able to make important decisions that they currently are, in fact, not able to make now, as this current discussion has illustrated.

Garrett?

MR. MITCHELL: Thanks. Garrett Mitchell from the Mitchell Report.

I want to begin with a question, which is to ask whether, Jim, whether we can accurately quote you as having said that you think the G-8 is in its last throes?

MR. STEINBERG: In its current form.

MR. MITCHELL: Right. Given the sort of description today of the G-8 maybe being in its last throes and Phil Gordon's description of Gleneagles is something that sounds like it's scripted by Edward Albee, my question is if you're in the Oval Office, this one, what are you talking about? What's your strategy? What does Bush want to get out of Gleneagles other than just getting out? Does he have objectives going in? What's the strategy—what would you be—what do you think they're talking about in the Oval Office now? They're going to Gleneagles. Something is going to come out of this? How does the U.S. maximize or at least optimize what it gets out of Gleneagles?

MR. STEINBERG: I mean ultimately there is both a domestic and an international dimension to this. And I think that in some ways, Bush has the mirror image challenge that Blair has, which is that, on the one hand, it's important for an American President to be seen as a leader of the international community; that it is—that is countries look to the President to provide global leadership and that this is a stage that sort of shows that America plays that role, and so I think it's—that's why there is a risk for Bush about getting too isolated in these meetings and I think that's why, as Phil said, that the—particularly in the second term and with Secretary Rice's focus on the time for diplomacy—that the President doesn't want to look like the United States is on its own. That's an important of his objective.

At the same time, he has some of the same domestic political imperatives that Blair has, which is it's not going to hurt him entirely for him to say I was not willing to sacrifice America's economic growth for an unproven, untested set of proposals on climate change. And as he looks to the future, even though he doesn't have to run again, he thinks about the party and holding on to the White House in the future that that sense of defending American interests and not being dragged across the line simply because foreigners want to do it, and if he can point to the fact that maybe the Europeans are more talk than action themselves. So I think he does—he has some domestic reasons for saying, look, I'm willing to, you know, try to work with other countries, but I'm going to do it in ways that I believe in and that are good for America. I think that that's his other audience.

Lael, you've been there.

MS. BRAINARD: [Off mike.] Yeah. And this is my guess, and really insight as to what goes on within the Oval Office at the moment. I mean in any year, the U.S. generally speaking this is not as important for an American President as it is for a European leader who's heading it up for a year. It's a much more important platform for them than it is for us. The U.S. has a global leadership platform whenever and wherever it wants it and effective.

And I've got to believe that this is a particularly luxurious year in a sense for the Bush Administration. They don't want anything or need anything from the people sitting around the table. This is very different from the last two or three years. And so in a way, I think the domestic political calculation can easily be by far the most important calculation for the President, and I think we're seeing it. I think he gets something by standing up and saying I'm going to double aid to Africa, here

domestically. And I should just say I'm now reading his words and parsing through them carefully. He wants to double between 2004 and 2010, which leads me to believe we're talking about a smaller increase, and more on the order of 2.2.

But he doesn't stand to gain a great deal on climate change, and why give it to Europeans? If the domestic politics are changing in the way that David said they are, there may be a more opportune moment to get some domestic political points here at home by doing things in his own, at his own time.

MS. RICE: Can I just add on that? There is, as we've suggested, a domestic imperative on the Africa agenda. It's interesting that at the speech today, the President paid tribute to Sam Brownback and others. Sam Brownback has been critical of the Administration for not doing enough on malaria. Interestingly, we have a big malaria initiative.

Richard Lugar has just introduced legislation in the Senate calling on the Administration to report on our progress towards achieving the Millennium Development Goals. If I'm not mistaken, that's pretty close to the first time a member of Congress has even associated himself or herself with the Millennium Development Goals.

So the point is that there is at both the grassroots level and within the Republican Party some pressure coming from the humanitarian impulse and imperative and—out of—and to a certain extent out of the religious community for the United States to be—not to be seen to be the last laggard on the global poverty reduction agenda.

And I think what the President is trying to do, in part, in addition to some of the right things, is to position himself so that he is not tarred by his own party for

being the last holdout, so, hence, sending the First Lady to Africa immediately after the G-8; hence, continuing to argue that he's tripling and then saying that we'll double again.

I just want to add one thing that I should have said in my opening remarks. It matters a great deal how we double aid, if, in fact, we do double that aid. If we increase it the way we have to date, which is through food aid, we will keep some individuals from starving to death, but we will not have the developmental impact the President says today again that is so important to have.

MR. STEINBERG: Right here.

MR. RUMAYA: Fidel Rumaya [ph.], Congo Advocacy Group. My question is to Dr. Rice and [inaudible]. If you have to do a risk analysis, early GEMS [ph.] based on what you have explained to us, you have a program that Dr. Rice is explaining here on Millennium Challenge and then the MDG. And you have G-8 who should implement this program who are fighting I can say between them. How much chance do you give to the implementation of this program?

MS. RICE: Of which particular program?

MR. RUMAYA: I'm saying the G-8 is a program to implement for Africa, for example, the Millennium Challenge, poverty alleviation, all those programs you have explained here.

MS. RICE: Well, I think there are many pieces to the—there are different pieces to what you call a program. What comes out of the G-8 obviously remains to be seen, but I think the President has shared with us the extent of the commitments that the United States is likely to make in the run up to the G-8. It still leaves the G-8 short of the goal that Tony Blair has set for achieving an increase of $25 billion in aid to Africa by 2010. By the way, that's not a number he just pulled out of thin air. The Commission

for Africa did a huge amount of very high quality empirical work to show what Africa needs and what it can absorb in order to be on track to achieve the Millennium Development Goals, and that's where that number comes from. So we'll be far short of that in the overall program.

And what's vitally important that we've alluded to but will become the focus after this month is what happens in the WTO? Whether we're able to achieve a meaningful conclusion of the development round, in particular the elimination of harmful agricultural subsidies. That is still a big question mark.

And so I think general speaking, you know, what is likely to be the outcome of the G-8 is that the program will be advanced, but it will be substantially still unfulfilled. The United States will not have made commitments that are as robust and long term as its other G-8 partners. And we will continue to approach our aid, as it seems the President is suggesting today, largely through bilateral frameworks—the MCA, PEPFAR—the malaria program sounds like it's also going to be a separate and new institution—in a fashion that probably is not most efficient, certainly places additional burdens on developing countries, and shuns multilateral framework like the Global Fund for HIV/AIDS, malaria, and tuberculosis, which is working.

MR. STEINBERG: Right here.

MR. DRUMET: Thanks. I'm Jason Grumet with the National Commission of Energy Policy, and you can imagine I have a question on climate change.

I just note that having these two topics on the table in one forum does also create some interesting corners for places for people maybe seek a little refuge.

I'm interested in the poodle rap, a little more reflections on that maybe from Phil and others, because I think there are kind of two descriptions of this that I have heard, and I wonder if you think either or both or neither have merit. You know, one is that this is a conscious political strategy; that after being banished to the back benches for 12 years of Thatcherism, the Labor Party decided never be weak on defense, never show sunlight between the EU and the U.S. So this is just a very—this timidity is just a conscious political strategy. The other, kind of more psychological basis, is to say, you know, Blair is nuanced and polite and adverse to conflict or, in a word, is British, and is just kind of constitutionally as an individual reluctant to say to George Bush, you know, this is unacceptable, and I will fundamentally humiliate you as opposed to saying this is difficult for me, George, but I can handle it.

And I'm wondering of those two somewhat different metaphors, if you think one or the other is really more prominent than what we're going to see happen next week.

MR. GORDON: Two things. First, there's obviously nothing new about Britain's siding with the United States. I mean this political strategy that you described goes back to Suez, when you say, you know, the lesson of Suez for the British was just never to be on the other side of a major strategic issue from the United States. The French lesson was the opposite: never depend on the United States.

But the British lesson was it doesn't work. You know, you do your thing and guess what? They're really powerful, and they can pull the rug out from under you if they want, like they did at Suez. And we're much better playing the role of Athens to Rome: the smart guys that whisper in the big muscular guy's ear and tell them what to do.

So that's always described British strategy for the past, you know, 40, 50 years. It may be over. That's the question of the impact of Iraq on British politics and all the rest, because it always depended on being able to persuade the British that there was some benefit in that. And there has been—you know, the so-called special relationship and if nothing else access where the Brits can show up in the White House whenever they want and get access to talk to anyone. They always claim that just that access and the ability to talk to U.S. leaders, gets them to move enough that it's worth it for Britain to always side with the United States, and that's certainly what Tony Blair decided to do.

The problem—and this comes to your poodle point—is the Brits are no longer persuaded that they get anything back, and whether that's the new situation or Bush in particular who knows.

But they can't credibly—they certainly try—I mean Tony Blair and his team you know they try because they're constantly facing the accusations in the press that they're poodles and they just give and give and give and don't get anything back. And that's why I said that this is an opportunity for Blair at least to try to do that because all along, when he's accused of being a poodle to George Bush and just giving to the Americans, Downing Street tries to respond and say, oh, no. We do get things back. For example, we persuaded the Americans to go to the U.N. over Iraq. They didn't just do it. They went to the U.N. Then the British public says, yeah, they went to the U.N., and then they went and did it.

And so Blair says, okay, but, you know, we've persuaded them to join the quartet and follow the road map, and they got George Bush remember to go over there and said he was going to work as hard for Middle East peace as Tony Blair did for

Northern Ireland. Well, he said that, and they supported the road map, but it hasn't gone anywhere. And so the Brits are disappointed in that.

So it's hard for Downing Street to go to their angry population and say here, concretely and specifically, is what we get from the United States.

And since these other talking points haven' been working lately, this I think is the opportunity, even if it's only minimal for Blair to go back and say now the U.S. is doing much more for Africa. It's not as much as we would like, and they didn't do what we said. But they're doing a lot more than they would have. And maybe they've even recognized climate change.

So that's how the traditional British support fits into the effort to reject the poodle accusation.

MR. STEINBERG: I completely agree with that, but I would just say that the problem with it almost being over is that it's exactly what the strategic alternatives are, because it's clear, both for political and substantive reasons, the future is always not with Europe. I mean that was always sort of the argument, but it's just hard to see under current or foreseeable circumstances that they're going to say well, now, we're going to provide leadership within Europe as an alternative, and a little England also seems like a very weak choice in which they would basically be saying we're not America's friends. We're not in Europe. We're just going to sit here on this blessed island being little England.

Let me take one more question right here.

MS. : I'm from AllAFrica.com, and my question is more specifically for Susan Rice. If we catch President Bush actually screwing numbers eight, six days from the Gleneagles Summit, that actually says a lot about what—

MR. STEINBERG: I'm sorry?

MS. : If we catch President Bush screwing numbers and actually giving a false story about his aid to Africa six days before the Summit, that's an omen that he won't actually—well, all he'll do is actually try to get away with doing as little as possible for Africa during the Summit. So my question is what needs to happen to make him reach enough momentum to become the next [inaudible], the next maybe Summit for him to actually meet the expectations the world demands of him—action in Darfur, alleviating poverty, actually taking concrete actions for people in Africa.

MS. RICE: I will try to repeat the question or at least the gist of it, which, as I understand it, was given that the President is not telling the whole story with the numbers in the six days before the G-8, then how are we going to—how—what will it take for the President to meet the expectations of many others in the world for action on Africa, whether on Darfur or aid. Is that a fair characterization?

Well, I think it's a good question. You know, the risk is that after the Summit, the spotlight will be off these issues and off the President's record on the issues, and what I think is necessary is for Congress and the grassroots leadership, the religious community, the activist community, and others to first of all remind the President and the Congress of what has been committed, because we're a far way, as I said earlier, from fulfilling even the commitments that have already been made—the pledges for funding HIV/AIDS, the pledges for the Millennium Challenge Account. The President hasn't even requested in his budget request the levels that are commensurate with his announcements when he made them on MCA at Monterrey or PEPFAR at the State of the Union. So here we have another high profile announcement, and I think it's very important that the President be held accountable for following up with—on the basis of

his own announcements with commensurate budget requests, and then pressure Congress, his own Republican Congress, to fulfill his request level. So that's one piece of it.

But then going forward, I think frankly these are issues which ebb and flow on the public radar screen, and, you know, the President can go for many months and say nothing on Darfur, as Nicholas Kristof reminded him from time to time. We are continuing to this day to look to the African Union to do virtually everything in Darfur with some logistical support and some financial support. The President today said, you know, the African Union is going get from 2,700 troops to 7,700 troops by September. I hope he's right. But I think there's a fair chance he won't be right, and then what?

And in the meantime, you know, with thousands dying each month is that fast enough? Is that a response commensurate with the genocide?

So, you know, I think frankly that have a pattern established of ambitious rhetoric, not always matched by ambitious follow through. And we have a public whose interest is quite variable and until both those things change, I think President Bush will continue to be able to make very powerful announcements and not be held to them.

MS. BRAINARD: Yeah. I just wanted to add this President can be moved and has been moved absolutely critically on HIV/AIDS. I mean don't forget this Administration came in with no plans on HIV/AIDS—very little recognition of its importance. And whatever story you believe about the President's conversion, the reality is this is now a deep commitment on the part of the Administration, and I think Susan is exactly right. We can't take the responsibility and the burden off of ourselves in civil society to keep that public pressure on. There's a lot of political forces that are at play every day on the Oval Office, and the message from the American public has to be a lot

more clear and a lot more consistent, and it can't just be around sort of crisis of the day. It has to be around the long-term development needs of this region, which is where support for our involvement as a country is weakest; and also around the trade front. We have not built a serious coalition to support the kind of trade measures that are most meaningful for Africa.

So I think we also need to take responsibility on our own shoulders.

MR. STEINBERG: On that note, thank you, all for coming. I thank the panelists.

[Applause.]

[END OF RECORDED SEGMENT.]