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POLITICAL CHANGE IN EUROPE AND AMERICA
AND ITS IMPACT ON THE ALLIANCE

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The Brookings Institution
Falk Auditorium
1775 Massachusetts Avenue, N.W.
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C O N T E N T S

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P R O C E E D I N G S

MR. GORDON: Good morning, ladies and gentlemen, welcome to Brookings and welcome to the DaimlerChrysler Forum.

The DaimlerChrysler Forum is a meeting that we have been running for a number of years now, together with Charles Grant and Christoph Bertram and others that pulls senior policymakers from Europe and America to talk about the big issues of the day. We have tried to keep this high-level dialogue going through good and bad times over the past few years. We are really grateful to the DaimlerChrysler Corporation which understands the importance of this dialogue for supporting it and also for supporting the meeting that we are about to have which is, I think, also on a very interesting topic.

We called it Political Change in Europe and America. The premise for this, I think, is fairly obvious. Both in Europe and in the United States, we are, I think it is fair to say, inevitably on the verge of some significant political change. For a number of years, it is also, I think, fair to say that Europeans have not been particularly pleased with the leadership coming from the United States and have expressed that; and the United States and many Americans have also expressed frustration with what they have considered the lack of leadership in Europe. Well, one way or another, this could change and that is what we are here to talk about.

Obviously, there are elections in this country next week, and my colleague, Tom Mann, will address that and talk about the implications that could have domestically and for the transatlantic relationship.

I think even more compelling, in Europe, we know that political change is coming, at least in some of the big countries, the countries that are presented on this panel here. In Germany, obviously, already Angela Merkel has taken over, and that is a change of generation, of gender, and she has already been in power for, what, a year now.

France has Presidential and Parliamentary elections coming up in the spring which will also be a likely change of generation. Nicholas de Boisgrollier will talk about that and possibly a change of gender there as well.

In Britain, we also know pretty firmly now finally. I think we have had panels here for the past several years in which we talked about Blair's imminent departure, but this time I think we can say that with more confidence, that by the time we next meet and have a panel on this, there will be a new Prime Minister in Britain.

So there will be political change, and what we are here to try to figure out is what it means.

What I will propose is that rather than having set speeches on all of these things, we will begin and I will grill our panelists with a couple of questions of my own to try to get them to share their views on some of these things, and then we will open it up to the audience for more general discussion.

I think this first-rate panel is well known to you all. To my right, Christoph Bertram was, for a number of years, the Director of Stiftung Wissenschaft und Politik in Berlin and is a well-known writer and commentator in this country and in Europe on all of these questions.

Nicolas de Boisgrollier is the Visiting Fellow from France at the Center on U.S. and Europe at Brookings, and he works on transatlantic relations and European and French affairs.

To my left, Charles Grant, again an old friend of ours and frequent participant here in these discussions, is the Director of the Centre for European Reform in London, one of Europe's most influential think tanks, and Charles is also a well-known author of a lot of publications including his most recent pamphlet on European Enlargement which is probably available for sale by CER if he doesn't have any copies with him.

Then finally, Tom Mann, a Senior Fellow at Brookings and an expert on U.S. politics.

So it is a really stellar panel and I think a fascinating set of issues.

To begin it, Christoph, I might like to turn to you because of all of the hypothetical change that we are going to be talking about, in Germany, it is not a hypothesis; it is the case; it has been the case. So, given that we have a little bit of empirical evidence, is there any evidence from what we have seen so far that we are in a new era of leadership here in Europe?

MR. BERTRAM: Well, I think it is very nice to come from a country that is highly predictable because we have done the things that the rest of you still have in front of you. We have had this new government for one year, and what Ms. Merkel and her very able Foreign Minister have been doing in the last year, by a number of symbolic acts, tried to repair the damage that has been done by previous

administrations: normalizing the relationship with the United States, no longer seeking unnecessary friction; normalizing the relationship with Russia, no longer pretending that this is an exceptionally close and critical relationship; emphasizing the need for European integration and for working together in NATO. So there have been a number of symbolic movements to actually bring back Germany into the traditional groove of German foreign policy, and I think that is accepted. One has to add the strong interest not least in the Middle East which the recent events in the Middle East have brought to the fore.

The big question is whether there is more than just symbol. One of the big problems that our foreign policy faces -- I wonder whether Nicolas will, no doubt, want to talk about that later on -- is that Germany no longer has the partner of France. We don't know what is going to happen in France. All the indications are that France is going to be much less the partner it used to be, and that has an effect, I think, on the whole range of policies, not least in the European Union, and it will have an effect in the first six months of 2007 when Germany has the Presidency of the European Council and in which the Germans want to push a number of things forward, not least the Constitutional Treaty and a number of other proposals. So that is really a challenge now which I think is an uncertainty which is weighing on our ability to lead and to change things.

MR. GORDON: Thanks, Christoph.

Let me follow-up on the question of the alleged new Atlanticism or what you describe as a different relationship with the United States. Chancellor Schroeder ran in

2002 on you could call it almost an anti-American campaign and it did pretty well. It got him elected, at least anti-Iraq War. Then he tried to run again on a similar campaign. He didn't get elected but he did better than a lot of people thought he would. How does it play for the current Chancellor to be seen perhaps too close to the United States?

MR. BERTRAM: I don't think that Angela Merkel has made that mistake. You may remember that before she came here for her initial visit, she came out publicly in criticism of Guantanamo, indicating and expressing a concern which was a widespread concern, not just in Germany but in Europe, that perhaps on the essential elements of personal freedom, the United States is no longer what it used to be. But this did not in any way impinge on the relatively frank and good relationship with the Administration -- helped, of course, no doubt, by willingness on this side of the Atlantic to have good relations with this Germany. If you have two partners, it is usually better than if you have one.

The big question here, I think, is there are some unknowns in the future. When the United States comes to some idea of what they are going to do in Iraq, will Germany have the political courage to assist in any way in this difficult process?

Secondly, we are having a beginning of a debate on the sense of sending forces abroad. Germany has made, I think, in this country, an impact by being willing to dispatch forces abroad, no longer the wimps but willing to actually put boots on the ground. But then there are growing questions about the boots on the ground in Afghanistan. Does it make sense to have forces there?

When you look at the Lebanon mission, does it make sense to pretend to secure a neutral position in a situation which is practically militarily entirely controlled by Israel?

So there is a real beginning of a debate in which I think the Germans have been very much aware that moves in this direction must be those that are very closely discussed in consultation with our European and American partners because to go it alone would, I think wreck a lot of the good feelings that have been able to sprout as a result of Angela Merkel's way of handling things.

One thing which is, of course, also quite helpful in foreign policy, we are no longer the sick man in Europe. The German economy is growing, 2.5 percent this year, and there are now tax revenues increasing. Unemployment is coming down. So we have on that front, I think, a better position in the way that economic weakness was regarded as also a reason for fecklessness in international relations. I think we are better off now and in a better position to, and quite willing -- quite willing -- to take up leadership, but the environment in which we are willing to do it and are asked to do it is extremely difficult.

MR. GORDON: Well, that actually brings up the next thing that I wanted to ask you before we turn to the others. We will get to the transatlantic piece, but on Europe, you mentioned the upcoming German Presidency. Is the basis there depending on how things play out in the other two countries?

I mean everyone is talking about the Constitution failed and the only way to move forward is new leadership. Is Germany the country that can provide that internal

E.U. leadership and do something about what seems like an impasse within the E.U.?

MR. BERTRAM: Well, I think it is very difficult to do this without knowing what is going to happen in France. Don't forget; you will have the Presidential decision on the Presidential elections in May and on the Assembly in June. That is two weeks before the German Presidency ends, so a very brief time. It is very clear that the Chancelloress is very committed to the Constitutional Treaty, but I would think that the German Presidency be very careful not to raise expectations beyond a certain point. If they get a schedule which other countries agree to look at some kind of a reduced document, a reduced version of the Constitutional Treaty, then I think they will feel that they have had a success. Don't forget; after all, the Presidency is a moderating role and not a role in which you command and tell people what to do, and I think the Germans are very aware of that.

MR. GORDON: Charles, can we talk a bit about Britain? The transition will be different because it is not likely to be an election, but there will be a transition. How much will it matter?

Maybe we could start with foreign policy. Everyone always talks about things they don't know anything about, but the line is that Gordon Brown is not so deeply Atlanticist as Tony Blair. He doesn't have it in his DNA or whatever. Do you think that will be the next step in terms of the relationship with the United States, a sort of distancing, if Gordon Brown is the Prime Minister?

MR. GRANT: I think whoever is the next Prime Minister of Britain -- it will, in fact, be Gordon almost certainly -- will lead to some distancing from the United States

because there is a very, very strong consensus amongst the British people, which is a cross-party consensus, that Blair has been too close to Bush. This is not just about Iraq. In a way, Lebanon has been more important, recently.

Perhaps not everybody in this country realizes the reason why there was a rebellion in the Labour Party against Tony Blair in the early autumn which led to a fierce dispute between Blair and Brown over when Blair would retire. The driving force of that was a perception amongst Labour MPs that Blair had gone too far in appearing to support the Bush line on Lebanon which was not to criticize Israel at all, and that was the last straw for many Labour MPs. It wasn't actually Iraq, which sort of has well been digested by the British as a failure, and there we are.

So Brown will have to be less close to Bush. He will have to be less uncritical than Blair has been. Having said that, his own instincts are not at all the opposite of Blair's in the sense that I think Brown, as much as he has instincts on foreign policy, we don't really know what they are. He is pretty Atlanticist. What we do know about is the economic side of foreign policy, and Brown is clearly very much in favor of free trade, in favor of the Doha Round, in favor of very aggressive reform of the Common Agricultural Policy. Indeed, he criticized Blair in the E.U. budget deal agreed almost a year ago for not having stood out for a more radical revision of the CAP. He has talked about the idea of a transatlantic free trade area, something that Brown keeps on coming back to as a kind of light motif of his views.

Where he is an unknown quantity is on the strategic side of foreign policy. We think he is probably less of an interventionist than Blair. One could say that Blair was

a moderate neocon, believing in trying to make the world more democratic and occasionally using force to do so as in Kosovo, Sierra Leone and so on, in addition to Afghanistan and Iraq. We don't really know what Brown thought about those operations, but he never said anything about them, but we sort of have the impression that he wasn't so enthusiastic as Blair was. So I think he will be less keen to use force to intervene in sorting out problems.

On issues such as Iran, what to do about a resurgent Russia, and so on, we really have no idea what Brown thinks. He doesn't appear to or at least he has said very little in public about them.

MR. GORDON: Just to stay on the transatlantic thing for a minute, you said Gordon Brown inevitably or whomever becomes Prime Minister will have to distance himself a little bit from the United States or from the Bush Administration. What does that actually mean?

Does it mean they don't go to Camp David or are there actual policy differences?

Is it just a different tone in the speeches?

Is there going to be a Hugh Grant moment where they denounce the United States?

MR. GRANT: I think it probably doesn't mean a great deal in substance. I think a lot of it is symbol and style and rhetoric. Blair had this role, well, he has this role which is on strategic issues he just won't criticize what the White House says and does. Though if you say that to him, he will say: Oh, yes, well, on Kyoto, we

criticized them.

Sure, they have criticized the U.S. on Kyoto and some of the softer issues, but on issues of hard security, Blair's view is if you criticize the U.S. in public, you lose your private influence to which the French always say: What private influence? Show us. What proof is there?

To which Blair writes to say: Well, it was NATO Russia Council which Blair kind of helped to get set up and it wouldn't have been set up without Blair, and the timing of the publication of the Road Map, and the fact that Bush went back to the U.N. for the second resolution in January, 2002 -- little, itty-bitty pieces that Blair likes to point to as proof that Blair had some or has some private influence with Bush. But the French aren't convinced. The British public opinion isn't convinced. The British public opinion thinks we got nothing in return for all our slavish support of Bush.

MR. GORDON: How about a subject close to your heart, Europe? Is Gordon Brown going to put Britain at the center of Europe, in the heart of Europe, move away from Europe, the Constitution, the Euro?

MR. GRANT: Gordon was the person who single-handedly prevented Blair from putting Britain into the Euro. If it hadn't been for Gordon's gorilla tactics against Blair to put us into the Euro, we might have had a referendum or even gone in some form. Given that the British economy has done very well outside the Euro Zone, I suppose people like me who spent a lot of our time campaigning for Britain to join the Euro wonder if we should have spent so much time doing that. On the Euro, therefore, he is against.

On the Constitution, he was generally thought to be hostile and in the Cabinet's discussion on Europe and the Constitution, he was one of those who wanted Blair to sign up for less than he did sign up for.

The European Commission, he seems to be generally hostile to it. This is one issue that I would take with him. I would argue, as the Foreign Office in Britain would argue, that a strong European Commission is in the British national interest because it stands up to the wicked protectionists in Berlin, Paris, and elsewhere. If you don't have a strong Commission, you will get Allitalia receiving huge state subsidies; you will have Mrs. Merkel standing up for her national champions in the energy industry and so on. I think Gordon, at least so far, appears not to be converted to the idea of the Commission as a potential ally of Britain. I don't think he sees, as I believe, that the Commission is a force for liberalization that has been taken over by the Anglo-Saxon liberals which is why I think the French are now so anti-Commission because it is Anglo-Saxon and liberal. So I think my concern about Gordon would be getting him to see that a strong Commission is in the British national interest.

He is very cautious on the Euro. I wouldn't say he is a Euro skeptic in the way that many conservatives are. I don't think he is emotionally attached to the sovereignty of the Westminster Parliament, perhaps being a Scot, if that helps. He is not a Euro skeptic, but he is cautious and he will need to be convinced by argument that there is a case to be made for the Euro.

MR. GORDON: Maybe we should at least have a word about David Cameron before we move on. First of all, is that something we should be taking seriously as a

prospect in the near term?

MR. GRANT: Yes.

MR. GORDON: What kind of a leadership would it be?

MR. GRANT: Well, assuming that Gordon Brown becomes Prime Minister in the spring or early summer which seems likely, then there will probably be a couple of years until the next general election and then the outcome is open. I think a Cameron victory is quite plausible. The Tories are ahead in the opinion polls. They are not dramatically ahead, but they are ahead. So a Tory victory is quite in the cards, especially given that there is a strong feeling in the country that it is time for a change, that Labour is tired and worn out, a bit corrupt, been in power for too long.

Cameron is a fresh face. He has been brave enough to try and reposition his party towards the center ground, saying he won't cut taxes, for example, which is quite brave for a conservative politician to do, and saying the NHS is safe with me; I believe in the National Health Service. So I think they have a chance at winning, the conservatives.

But, equally, Gordon Brown could win, too, because he does have strengths as a politician. He is a very intelligent man. He has a very good track record of running the economy successfully for the past nine years. The fact that he is a bit dour and uncharismatic and doesn't care about his image very much will seem rather attractive after Blair perhaps.

Maybe Cameron is too much like Blair; he is a pretty face and very charming, but is Cameron all style and no substance. This is the issue that Cameron will have to

contend with. Plus, Cameron will be attacked by some of those nasty old Neanderthal Tories who live in the caves who will come out and remind the British electorate that not everybody in the Tory Party is so modern and sort of centrist as young David Cameron.

So I think Labour could win the next election, but equally, of course, a hung Parliament is a third outcome that is quite plausible. The way our electoral system works, our First-Past-the-Post system, the Tories have to win, I think it is five or seven percentage points more than Labour in order to have more seats in the House of Commons. We have a very silly electoral system. It is even worse than your Presidential Electoral College in terms of fairness. It is even worse. So a hung Parliament is really quite a plausible outcome with a liberal party holding the balance in the middle, and then you get into the territory of coalition government which is another area we can talk about.

MR. GORDON: Thanks, Charles.

Nicolas, speaking of messy electoral outcomes, let us turn to France. Maybe we could actually just begin with a lay of the land. I mean I think everyone is paying attention to a couple of famous leading candidates, but it is a little bit more complicated than that. Maybe you could just start by giving us a sense of who is running for what and what things look like for next spring.

MR. DE BOISGROLLIER: Yes, it is true; as you say, it is much more complicated than the situation in Germany and the situation in the U.K.

Basically, in France -- I am going to make it very, very succinct -- the two front

runners are Nicolas Sarkozy and Ségolène Royal, Nicolas Sarkozy on the right and Ségolène Royal on the left. They are the front runners, and we don't know at this stage if there will be the two persons fighting in the second round of the elections.

The other people who need to be mentioned in the Socialist Party, and the primary of the Socialist Party is ongoing. So at the moment you have three persons: Ségolène Royal, Dominique Strauss-Kahn, the former Finance Minister, and Laurent Fabius, a former Prime Minister. They are going through the primary process. They are having debates. Ségolène Royal, was leading at the beginning, and now she tends to kind of lose some of her advance. The latest poll which I saw was asking the members of the Socialist Party and the people who are close to the Socialist Party who they favor, and it was 57 percent for Ségolène Royal, 23 percent for Dominique Strauss-Kahn, and 10 percent for Laurent Fabius. But, again, this could change.

The most important thing on the side of the Socialists is that it is a two-round process. Either Ségolène Royal passes the first round which is on November 16 and then she is all set, she has more than 50 percent; or she doesn't reach the 50 percent mark and then she will have to fight probably against Dominique Strauss-Kahn who at this stage, might be able to gather behind him all the people who don't want Ségolène Royal to be elected. So there could be a shift in dynamic between the first and the second round.

On the right, again you are looking at a few figures, members of the UMP, the main party, and the people close to the UMP. Nicolas Sarkozy leads with 72 percent. Michèle Alliot-Marie, who is a current Minister of Defense, has 12 percent;

Dominique de Villepin, 4 percent; and Jacques Chirac, 1 percent. Again, here, it is possibly a little bit more complicated than it seems because, obviously, Nicolas Sarkozy is the super front runner. He is the Secretary-General of the Party; he is the number two of the Government; he is very active; and he is very popular in many ways, but it doesn't mean that he will be selected by the UMP through the process. It doesn't mean he will be the only candidate from that side. There could be a second candidate, Michele or Dominique de Villepin, probably one of those two.

So that is really the situation. The last point I would like to make on this is the last poll about the second round, a face-off between Nicolas Sarkozy and Ségolène Royal gives a three-point lead to Nicolas Sarkozy, so 53-47 in favor of Nicolas Sarkozy in the second round, as we stand, but we are six months ahead of the elections.

The last thing, we must not forget about the fact that you will have lots of other candidates. At the last election, we had 16 of them, in 2002, the first round. So this led to a scattering of the votes, and such a scattering of the votes gives many people the possibility to reach the second round, and that is what happened with Le Pen in 2002. A Le Pen scenario is not a likely scenario this time, but it is not impossible. It is not impossible to have Ségolène Royal against François Bayrou, for example, or Ségolène Royal against Le Pen or any other configurations. So it is very clear in some ways because of Ségolène Royal and Nicolas Sarkozy, but there is more to it and there could be some surprises.

MR. GORDON: Thanks, Nicolas.

I want to come to Ségolène Royal and Nicolas Sarkozy.

But first, the left and the right both decided to have primaries to avoid the scenario that you just described with so many candidates splitting the votes, so that you get Le Pen and Besancenot in the final. Are you confident that they will respect the primaries on both sides or could we see a scenario in which they have the primaries and then someone says, well, I think I have more national votes; I am running anyway?

MR. DE BOISGROLLIER: I do think they will respect it in the Socialist Party, i.e., there is a theory that if Ségolène Royal is not selected, she could possibly run on her own as an independent. I really doubt this because this is so not into the Socialist tradition, and I think this would possibly be seen as treason by the Socialist Party which has always had this kind of very structured way of selecting the leader, the candidate.

On the other side, it is different. It is different because in the mentality of the right, the role of the party which actually are usually called movements rather than parties and this is kind of a Gaullist legacy, there is this idea that the party is not that important and what is more important -- Dominique de Villepin says it quite often and Jacques Chirac says it quite often -- is that the Presidency is, in fact, a meeting, an encounter between a man, or possibly a woman in the case now, and the people -- this idea that the party is not necessarily a medium between the candidates and the voters. So it could be the case, and there is actually a subtlety there. The UMP will most probably choose Nicolas Sarkozy as its candidate, but it doesn't mean that its endorsement is totally exclusive and it doesn't prevent someone from the UMP to also

run. He or she will have less support, but they did change the rules so that it is not an exclusive endorsement.

MR. GORDON: So Ségolène Royal is not Joe Lieberman, but Dominique de Villepin might be.

MR. GRANT: That is a way of saying it.

MR. GORDON: I mean it is true, of course, that with Laurent Fabius, there wasn't a primary but there was a Socialist decision on the Constitution.

MR. DE BOISGROLLIER: Yes, that was a referendum, so it was a little bit different. Again, I would be very surprised if the non-selected of the Socialist Party through the primary run independently.

MR. GORDON: Can you talk about the most likely scenario or what I think you are saying is the most likely scenario?

If it is Ségolène Royal against Nicolas Sarkozy and there is a campaign all spring, what does this campaign sound like?

What are they saying about what they would do domestically and, I think quite interestingly here, in foreign policy and vis-à-vis the United States? What is the difference?

MR. DE BOISGROLLIER: Well, there is a quite interesting difference. I will focus mainly on foreign policy issues and especially on the relations with the United States. In France, the conventional wisdom is that if you want to be elected President of France, you should not appear too pro-American. It doesn't mean you should be anti-American. But let us say that when we look back, the idea is just don't talk too

much about the United States and don't position yourself too close to the United States. It is interesting because that is something which when you try to look at the polls, you try to look at historical examples, et cetera, you don't find that easily elements that really sustain this idea. So it is really kind of the rule of thumb, if you will, of running for the Presidency.

For example, I found a Pew Global Attitudes Project poll which polled 15 countries in terms of views of the United States. France was number seven and was really in the middle but before Germany and before Spain. So it is very difficult to say if voters are anti-American, pro-American, or even more importantly if they really take this into account when they actually want to select the candidate.

But the deal has changed this time because Nicolas Sarkozy has come to the United States very often and has made his closeness to the United States very clear to both the Americans and to the voters. He has done this for, I think, several reasons. He has done this to get a kind of boost from being seen with the President of the United States as a candidate.

To a question of *Le Monde* who asked him: Is it necessary to be anti-American to seduce the French?

He said: I am less convinced than you -- talking to the journalist of *Le Monde* -- you seem to be that the French dislike the United States.

Again, it is kind of a 50-50 situation, and I think one of his bets, one of his gambles is to say that, well, after all, maybe the French are not as anti-American as everybody seems to believe, and then he can occupy this niche. Also, it was an

opportunity for him to criticize what he called past arrogance, the past arrogance of France vis-à-vis the United States. In this way, he can differentiate himself from de Villepin and Chirac.

Do you want me to talk about Ségolène Royal?

MR. GORDON: Yes, but just on this because I think this is a really important point. You nicely described what you described as Sarkozy's gamble. He is taking a risk that the French aren't actually as anti-American as people think they are. What is your assessment of that? Do you think he is right or is actually not just taking a risk but ruining his chances?

When the Defense Minister, Michèle Alliot-Marie, was here, she placed herself in opposition to that line, and she said it is not arrogant at all. We have a different view. We express it. He is actually too American and all of the press about Sarkozy l'Americain and so on. Is he running a big risk here?

MR. DE BOISGROLLIER: To be fair to Sarkozy, he is not super pro-American. I mean when you look at all of United States, he said that basically we should be strong allies with the United States, but when we disagree, we disagree, and we should tell them what we think, and we are totally independent from the United States. I think that is important.

When you mentioned Michèle Alliot-Marie, she positioned herself differently, and the way she approached the issue was to talk about what does friendship mean, and she had this very interesting line when she did her speech at Yorktown. She said this: In the beginning of the 21st Century, what does it mean to France?

I look at this sentence, and I think, well, is it different in the 21st Century? Will it be different in the 22nd Century?

And that is really a debate within the right. Yes, France is a friend of the United States.

Then the second point is, well, but what does it mean to be a friend? Does it mean to be always on the same side? Does it mean to disagree, to try to convince the other, or to agree to disagree? There is this debate between Sarkozy and Michèle Alliot-Marie in terms of the essence of what it means to be friends when you are French vis-à-vis at least the Americans. She did say, as Phil hinted, that France was not arrogant. So they have this kind of dialogue around the Franco-American relations, a relationship which is quite interesting at the moment.

MR. GORDON: Did you want to add anything on Ségolène Royal?

MR. DE BOISGROLLIER: Well, the difference with Ségolène Royal is she hasn't spoken much so far about foreign policy issues. The next debate between the three Socialist candidates will be about foreign policy issues, but that is in a few days. I think the best thing I can do is maybe just quote her on a couple of things because I think it gives a flavor for what she thinks.

To simplify the Socialist Party approach, the Socialists have three candidates but they also have a political platform. So in the platform, there is their program of government. Basically, in this platform, it is written: Neither Blair nor Chirac. That is the way they summarize it. This is just one quote about what Ségolène Royal said about the U.S.: The world needs Europe, the only peaceful power that can represent an

alternative to American hyper-power. It is in the nature of authority and balanced power to decide unilaterally and be tempted by the use of force.

Then another thing which she insists on is to say: Well, alliance with the U.S. is one thing; dealing with George Bush is another thing.

She shows and she has shown in a couple of instances, she has hinted at the fact that it will probably be easier to deal with the United States in the next Administration.

MR. GORDON: Great, thank you, Nicolas.

Tom, next Tuesday, in the aftermath, you can make predictions if you want, but I think what is really most interesting is if there a change in one or both houses, does this affect U.S. foreign policy and if so, how?

Maybe as you are doing that, I will invite my colleagues as really the Europeans should also be asking questions to Tom. So feel free to jump in and tell him what is in your mind as well.

Tom?

MR. MANN: Well, I can't avoid making predictions. I may be wrong but I am very clear and explicit and not lacking in confidence; I just may be wrong.

It seems to me this election has been cast for many months. I think we had a good sense in the spring what this was likely to be, a negative national referendum on the President and party's performance, primarily on Iraq but on other matters as well. The external political environment has been just strikingly hostile to the Republicans, more so than it was hostile to Bill Clinton and the Democrats in 1994. It is really striking how consistent all of the measures have been and how stable they have been.

We hear about changes in momentum and so on, but these are little blips on a pattern of figures that have been really very stable.

What introduced some element of uncertainty was that we had a group of election analysts and forecasters here who always count from the bottom up, that is to say they take a microperspective and look at the individual races which is perfectly reasonable. In most years, it works just fine, but when it doesn't work is when there is a national tide, when 5 or 6 or 7 percent of the national vote swings from one party to the other. In those circumstances, the individual races and their status are a trailing indicator, not a leading indicator.

What is fascinating has been to see over the last weeks the extent to which these analysts have been dramatically increasing their estimates of the number of Republican seats at risk in the House in particular. In the spring, the parties were equal in number, roughly. Now, the 40 seats most at risk in the House of Representatives are all Republican seats, all. In fact, if you look, out of the 435 races that are up in the House of Representatives, there are possibly 75 seats that could be in play and, of those, 5 are Democratic and 70 are Republican.

The bottom line is there is going to be a Democratic majority in the House or there is going to be some fundamental questioning about the capacity of the American system for democratic accountability. The public is mad. The referendum is negative. The parties are roughly balanced in the country. The majority in the House is small, only 15 seats. If, out of that mix, you don't get a change of party control, then you get some fundamental questions asked about the system. There is no historical parallel for

a party not seizing that advantage and having those votes translate into seats under these circumstances.

So the bottom line is I think everything is consistent with a Democratic majority in the House, well beyond the 15 seats needed. We pray for it, because otherwise we may have hundreds of lawyers beaming in on a handful of seats, challenging the casting and counting of ballots. I would not be surprised to see 30 or higher, 35 or more. It could happen. That is the nature of tidal wave elections. So start practicing: Speaker Pelosi. Speaker Hastert will, my guess is, under those circumstances, resign from the House and head back to Illinois, and we will have a wholesale replacement of the Republican leadership in the House.

In the Senate, it is much less certain because there are only 33 seats up and, of those, there are really only potentially 9 in play. Eight of those are Republican seats, but Democrats need six to win a majority. So you can see they need to hold the one at risk, New Jersey, and win six of the eight, and there are only seven that are really clearly competitive; or lose the single seat of New Jersey and then find seven seats. Again, if you count from the bottom up, you have no trouble getting to four, almost a laydown, but then getting the fifth and the sixth is tricky.

What I have to do under these circumstances is rely on history, and history suggests that when you have a large national swing, it tends to implicate the Senate as well as the House for those races in play and contested. You tend to get a tipping effect with, at the end, all of the same seats moving in the same direction. We have four or five of these over the last four or five decades in which the party advantaged by

the tide lost not a single seat; the party disadvantaged lost a good number -- surprising people in 1958, certainly surprising them in 1980 and then again in 1994.

So I think there is a slightly better than even chance that Democrats will gain six or seven, and we will have a Democratic majority in the House and in the Senate.

The question then becomes: Well, so what? Bob Kagan, this morning, writing in the *Post*, made the case for continuity, made the case for very incremental change. In some ways, I would argue he is right, that is there are some elements of consensus and agreement between our parties, but perhaps more importantly path-dependence really matters. The reason you don't have a vibrant debate about alternative policies in Iraq is because there are no good ones in that the fateful decisions were made already, and now it is a question of how you adjust and adapt to that.

What Kagan, in my mind, misses is the potential in our system for very small electoral change to lead to huge policy changes that have enormous implications for America's position in the world as well as the conditions here at home. George Bush has had that impact with the sliverest of, the smallest of victories -- the first disputed, the second clear, but the narrowest of any President being reelected in a century or so. The point is elections can make a difference, but they tend to be Presidential ones where there are opportunities for initiatives to make dramatic changes and pull the rest of the system along with him. That is what happened, and it seems to me we are operating in that new environment.

He has begun to make adjustments. He will be forced to make further adjustments with this new Congress, but there are limits to the opportunities for any

kind of dramatic changes.

I predict the President will not be impeached during the 110th Congress and that Pelosi will not allow any impeachment proceedings to go forward.

I predict that the Congress will not move to cut off funds for operations in Iraq because, if you will, they won't use their hard power; they will use their soft power, and the soft power really has to do with enlisting the growing number of Republican dissidents on the war, setting up a number of hearings with certain demands of the Administration for detail on plans for victory, and calling in a host of others -- Republicans, Democrats, military people -- to begin to see what kind of adjustments are doable.

MR. GORDON: Thanks, Tom. That is great.

Let me give Christoph a chance.

MR. BERTRAM: Tom, there are two ways in which events shape opinions and outcomes of elections. The short wave may express itself in the seats in the Senate and in the House.

MR. MANN: Right.

MR. BERTRAM: But what is the long-term for the American psyche of international affairs of the Iraqi mess?

We have seen that Vietnam has had a profound impact. What impact is Iraq going to have?

MR. MANN: There is no doubt that over time American opinion has soured on the war and Americans now overwhelmingly believe the costs outweigh the benefits

and that our operation has worsened, not helped the broader campaign against terrorism. There is some skepticism, a lot of skepticism about the Wilsonian neoconservative idea of building democracies, partly through the use of military force. So all of that is true, and at the same time, there is this sense of obligation on the part of Americans not to leave behind a situation even worse than we might, to make the best of a terrible situation.

I don't see, except in limited circles, any broader withdrawal and a kind of isolationism. I see Americans still more efficacious about the use of military force than the European countries. I see an instinctive internationalism, a reality that we are both of the world, that we are a large part of it in military and economic and cultural terms, and that we will have to stay engaged. I think there is a belief, widely accepted, that we have a problem with Islamic radical but a belief that we haven't figured out very good ways of dealing with it.

I suppose the most negative side right now is really the collapse of support for, in the international economic arena, the whole trade agenda. The odds of extending trade promotion authority are close to zero in the next couple of years. Some Republicans stuck with the President on these matters only because of Republican loyalty, and they will fall off. Democrats, after hearing themselves accused of giving comfort to the terrorists with their prospects of their winning the majority, of having their patriotism questioned, will not be in the mood to help the President on his trade or international agenda. I think to the extent that he has made adjustments with Secretary Rice already, they will be more comfortable with it.

MR. GORDON: I want to bring the rest of the room into the discussion, if that is all right, and just open it up. We can come back to any of these things. So the floor is open, and a microphone will come to you.

Chuck Cogan has his hand up first. Just introduce yourself.

QUESTIONER: Chuck Cogan, Kennedy School, Harvard University.

I am a little taken aback by the observation of Christoph that the French-German alliance is not what it was. I wonder if you could expand on that a bit. Is this a German point of view, and what is the French take on this? Why is it so different now?

MR. GORDON: Christoph?

MR. BERTRAM: It is a Bertram point of view, Charles. It is my own view, but I realize that it was central for German policy in Europe to have France as a partner, and it was a partnership that was unique and worked, worked over decades. But now we have a France that, if polls are right -- Nicolas, you correct me -- if the polls I am seeing are any indication, today, the French reject the Constitutional Treaty with an even larger majority than they did in April and May, 2005.

There is a great upheaval in the political class in France which is only incompletely represented by the number of people who want to become President. It is a much deeper malaise, and it will take a long time for France to really come out again with a clear sense of its own role in Europe and to what extent Europe is central to French further development and interest. Germany needs that kind of partner in order to push the things forward that Angela Merkel wants to implement and which I think

are in the interest of Europe, but it is going to be much, much more difficult for Germany to do this without a preferential partner.

Now, there are those who say: The more, the merrier, let us have a promiscuous partnership in Europe. There are so many new countries, and it doesn't matter.

I think that is quite wrong. I think the great advantage of a preferential partner has been in there in the past, and I think it is going to be a great weakness now, a weakening of Germany European policy, not to have that partner in France.

MR. DE BOISGROLLIER: I think what Christoph may want to do is to wait six months because there are two reasons why.

MR. BERTRAM: I have no other alternative.

MR. DE BOISGROLLIER: Yes, exactly, but when you think about it, six months in the grand scheme of things is not a very long time.

I think there are two reasons why there is so much that France can do in the European front and the Franco-German alliance can do on this front. The draft referendum was rejected in France. Of course, this kind of froze everything for the world because people didn't really know what to do. Then we have the elections coming, and obviously six months before the elections, everybody is thinking about domestic issues, et cetera. It is not a credible time to launch a very strong new initiative.

For example, if we go back to the current campaign, yes, Dominique Strauss-Kahn said his assessment is that the Franco-German engine is currently clinically dead. That is what he said. But, you know, clinically dead, you can revive it. So this can be

clinically dead for six months.

Also, the change I would emphasize is the fact that it is not on the side of the Socialists but more on the side of Nicolas Sarkozy who has said that he would put less emphasis on Germany, more emphasis on the United Kingdom, and more emphasis in general on moving forward Europe with the larger countries including Poland, rather than trying to have 25 countries agree on everything.

MR. BERTRAM: Which is a pretty naïve idea, let us face it, a pretty naïve idea.

MR. DE BOISGROLLIER: I am just presenting his idea. You mean the English one?

MR. BERTRAM: The Sarkozy idea is a pretty naïve idea.

MR. DE BOISGROLLIER: About England or about?

MR. BERTRAM: Anything with England is naïve anyway, but the idea that if you have a core group of five that are going to make things work, there is absolutely no indication that it would work out.

MR. DE BOISGROLLIER: But that is his idea.

Otherwise, I know most people, once you have a new President and government, my intuition is that they will do everything they can to relaunch the Franco-German partnership, of course, taking into account the fact that Europe has changed and France has changed and Germany has changed. I think there is still the desire to do this in France, but at the moment, nothing much can happen.

MR. GORDON: Charles has just written about variable geometry.

MR. GRANT: Well, three observations on the Franco-German relations:

Firstly, when the relationship was revised between 2002 and 2005 with this very close Chirac-Schroeder partnership, it was much less successful than in earlier times such as between Kohl and Mitterrand because the partnership was seen in many other countries of Europe as selfish and promoting their own narrow interests at the expense of Europe, for example, in agreeing to disregard the rules of Stability and Growth Path and in many other ways.

Well, in earlier times, during Kohl-Mitterrand and before, this relationship was usually seen as an avant-garde for Europe and integration. France and Germany would get together to have a plan for the Euro that was actually putting forward the European interests. In terms of PR, it was a disastrous revival between 2002 and 2005. It has a very bad, bad name in many countries. I am not giving you a British view. That is the view of many countries in the E.U.

Second observation, post-enlargement, it doesn't really matter that much anyway because the idea that two countries, even two very important, lovely countries like France and Germany, can dominate the E.U. in a 27-member union is absolutely ridiculous. It is quite impossible. It won't happen. So even if they manage to re-invent a very dynamic and successful relationship, that is useful and one would argue, perhaps, that their cooperation is necessary though not sufficient for progress in some areas. I would go along with that, and I hope they do have a strong and fruitful relationship, but the idea that it can dominate or lead the E.U. is clearly ridiculous.

Thirdly, I disagree with Christoph. I think that Sarkozy's penchant for smaller groups within the E.U. is very interesting indeed. This is what is happening already.

He himself invented the G-6 which is the meetings of Finance Ministers of the six largest countries which is useful because if you want to have serious cooperation on counter-terrorism, you simply cannot do it very effectively with 27 people around the table.

These groups may be informal like the G-6. They may actually be enhanced cooperation which is the treaty-based system for doing it which hasn't yet been used, but which the German Presidency does plan to use early next year when it puts the Treaty of PRUM into the E.U. The Treaty of PRUM is a seven or eight-country avant-garde for exchange of information amongst police forces. Or, maybe it is informal like the E.U.-3 on Iran. We have three countries leading the diplomacy on Iran.

I think we are moving towards a variable geometry in Europe which is messy and it makes the E.U. even harder to understand than it already is today. But if you have a lot of countries in the E.U., that is the only way forward. I think Sarkozy understood that.

MR. GORDON: Thank you, Charles.

Jonathon Davidson?

QUESTIONER: Thanks.

We don't hear very much about Mars and Venus these days. I am wondering where these shifting political sands on both sides leave that debate?

Is the relationship fundamentally restored to one of partnership, differing on this and that policy but fundamentally together, or is there life in the old original Kagan thesis that the relationship is broken and structurally they are drifting apart?

MR. GORDON: Who wants to tackle that?

MR. MANN: Phil ought to tackle that.

MR. GORDON: Thank you, Tom.

My own sense is it is much better. We are no longer in Mars and Venus land.

Someone alluded to it; there has been a conscious effort on the part of the Bush Administration in the second term to take a different approach to Europe. There is a realization that the initial approach, which really seemed to suggest that Europe didn't matter and in any case they would follow along, didn't work and they had to take a new tack. When the President went to Europe in February, 2005, he signaled that, and I think the Rice State Department has made clear the time of diplomacy is here. The turnaround on Iran policy, the recognition of the importance of the European Union, all of this was designed to say we didn't like the Mars-Venus era and we want to move beyond that.

Has it had an impact? That is more for the Europeans to say. My sense is that it has at the elite and professional level and it has not at the public opinion level. I think European diplomats who come here, including the ones that we engage in all of these discussions acknowledge that there is a change here, appreciate it, and has enabled them to work better together on questions like Iran, and that is all to the good. Go to the street in Europe and ask people if they have noticed that the Rice State Department takes a somewhat different line, and I am afraid the answer is no. So it is somewhere between those two poles.

I think the interesting question which maybe I will put to our European friends

is: Tom talked about potential change next week. Can that make any difference or is it just a reality that so long as President Bush is in office, we won't really get beyond the crises that Jonathan alluded to?

Christoph and Nicolas?

MR. BERTRAM: Well, I think that what shapes European views of the United States is very much the feeling that there is a lively discussion and controversy in the United States, much more than who is in government. So the fact that there will be a counter-veiling force in the Congress, I think, is going to reestablish the old picture of the United States we have had. I think in that respect on issues like Guantanamo and Abu Ghraib, when there is a debate in this country about this, when there is controversy, it immediately makes America again familiar. And so, I think in that respect, this outcome would help to broaden the base of those who feel in Europe that, well, perhaps this is a country we can actually do business with again.

MR. DE BOISGROLLIER: I think there is one place where the French campaign is missing the point which is that everybody is focusing on Iraq as an illustration as if it has represented what the Franco-American relation is today, but that was nearly four years ago. Actually, the Franco-American relation is in a quite good state at the moment, and there is some excellent work being done in the field of intelligence, for example. There has been very good cooperation on Lebanon, especially the first resolution. For example, when Sarkozy appears as being quite pro-American, he does it by rejecting the approach during the Iraq time, but he doesn't really acknowledge all the things which have happened since then and of which he has

been actually a participant as the Interior Minister.

I think when we talk about the Franco-American relation, we have to put in Iraq but all the rest, all of what has happened since, and it generates a much more nuanced picture by which, of course, it is maybe too much of a nuance to be part of a political campaign.

MR. GORDON: Anybody want to add anything to that?

Abdullah Akyuz from TUSIAD?

QUESTIONER: Abdullah Akyuz, TUSIAD, Turkish Business Federation.

My question is going to be related to Iraq. Christoph has briefly touched upon this, but I want to know what would be the change in the attitude be with something happening about a major policy shift in Iraq. The European attitude that has been so far something like: This mess was created by Bush, and it should be cleaned up by Bush, so we have nothing to do related to Iraq, would that change after such a scenario in Europe?

MR. GRANT: I would hope it would change, but the Europeans cannot actually define an exit strategy for the United States. America has to do it itself. If, as a result of the election outcome and the kind of process which Tom has been referring to, there comes a consensus of what to do, that will be the basis on which we can think about to what extent we come in. I believe it would be extremely useful if that point is reached, that we are not saying, well, it is all your problem only, you get yourself out of the mess; but we actually start thinking about the way in which we can be of assistance.

Now, what this assistance would be, I think will depend on the circumstances,

but unless there is a sense of where the United States is willing to go and what steps it wants to take, I think it is very difficult for anyone in Europe except to say, we wish you luck.

MR. GORDON: Abdullah, I thought you were going to ask how political change in these countries would affect Turkey's prospect for getting in the E.U., and I was going to say: you don't want to know.

QUESTIONER: That is more complicated.

MR. GORDON: Maybe that is one we ought not discuss.

Norman Birnbaum?

QUESTIONER: Thank you. Yes, I am Norman Birnbaum, Professor Emeritus from Georgetown, but to use a phrase from our distinguished French visitor, clinically still alive.

I would like to ask something particularly about the old countries of the European Union, that is, not the new accession countries that came from behind the Iron Curtain. Looking at politics in these countries from Portugal to Sweden, there does seem to be a kind of creeping depoliticization, discontent. To what extent do the members of the panel think that some of this has to do at least with the deregulatory market, monitorist type policies which are so favored by the Commission and the European Central Bank and even by large segments of the Socialist Party, whatever their rhetoric?

That is to say, to what extent do the European electorates west of the old Iron Curtain blame the E.U. for the effects of the new unemployment, sizing down of the

welfare state and, in general, departures from what they had been led to expect about the economic responsibilities of government?

MR. GORDON: Charles?

MR. BERTRAM: I think you are right in some countries. In countries with relatively high unemployment like France, Germany, the Netherlands, Italy, possibly Spain, the E.U. is seen as a mini-globalization. It is seen as a force for globalization. It is about foreigners coming into your country, if not taking your job putting downward pressure on wages. Even Britain, what I say applies to Britain which is a low unemployment country because we have 600,000 East Europeans coming into Britain, basically improving economic growth, creating a more efficient economy. We haven't had mass unemployment as a result, but even so, there is a lot of public concern about that, particularly because of the pressure of wage levels which is why the British Government just announced that Romanians and Bulgarians will not be allowed to work freely in Britain from January the 1st next year.

So I think you are right. Some opposition to the E.U. is a function of the E.U., the E.C.B, the Commission being seen as Anglo-Saxon liberalizers, about foreign imports coming in and foreign workers coming in. Nicolas might want to comment, but I think that one of the big reasons why the French voted no to the Constitution Treaty last year, a bigger reason than fear of Turkish accession, was actually they thought the E.U. has become too economically liberal. Of course, the flipside of that is if you get economies doing quite well, performing well like the Nordic economies and Britain to some extent, then there is generally less hostility, perhaps not to the E.U. but

to globalization and less hostility to foreign workers coming in, perhaps.

MR. GORDON: We may have time for one or two more.

In the far back right, Caroline from the Swedish Embassy.

QUESTIONER: My question is about NATO and what will happen with the transatlantic link through NATO. The French-German alliance together with the first Bush Administration, effectively I thought, brought NATO out of the focus as a forum for political transatlantic dialogue. With the new government coming in, if it is clinical death or whatever it is or the French-German alliance, how do you see NATO? Can it be revitalized or is it forever out of play?

Thank you.

MR. DE BOISGROLLIER: One thing on NATO, I think it is very interesting because it is definitely not a big issue in the current campaign in France, but at the same time, people often underestimate the role that France plays in NATO both in terms of providing troops and providing finance. So, of course, France has a slightly more complicated than average relationship with NATO because of structural issues. Still, at the same time, it is a strong believer in NATO and does actually participate pretty effectively on the whole effort.

There are issues about how far NATO should be and how much of a political forum NATO should become, but I think France is quite a strong contributor to NATO.

MR. BERTRAM: I doubt what you said, but let me first try to answer your question.

MR. DE BOISGROLLIER: You have to tell me why.

MR. BERTRAM: I will do that, too.

I think that institutions need sponsors. NATO hasn't had sponsors for a very long time. The primary sponsor that has been missing, and this is not just the usual European passing the buck argument, but unless the United States takes NATO seriously and takes it politically, nobody else can actually make it so. I think that is the biggest thing that needs to be done.

I think that NATO retains an immense importance. NATO has accepted that it has to operate outside areas. It has accepted it basically. It hasn't really accepted it in all its rhetoric, but in its practice has accepted that it is a stabilization organization, and we need that. What we need to have in addition to that is not just providing forces and staffs for stabilization but it provides also a place where governments can think about what are the next problems, how are we going to go about things. We should, for instance, now have NATO start thinking about what do we do about Afghanistan rather than putting more troops in all the time. But that is not happening and it will only happen if you have that sponsorship by the United States which we are willing to discuss.

MR. GRANT: No; I think you are being unfair to the U.S.

MR. BERTRAM: No, I am not being unfair to the U.S. I am being fair because it is the one indispensable position of the U.S. I would like our own countries to say, why don't you do this, and push them, but we cannot replace their sponsorship and it is necessary.

Now, on the French side, I think one of the problems the French are creating constantly is that by claiming that NATO is not, in fact, an organization which is supposed to be operating on issues like nation-building and stabilization, that the European Union should do that, it is constantly throwing spanners into the works which are, to say the least, just uncomfortable and necessary. It is the kind of doctrinal quarrels that one has to continue to make. If I have one hope for Mr. Bush perhaps he understands that is a very unpromising policy on the part of the French.

MR. GORDON: Do you want to say why that is unfair to the U.S.?

MR. GRANT: I would have agreed with Christoph a couple of years ago, but I think that in the second term, the Bush Administration has tried really hard and I think that Condi Rice and Nick Burns, these people --

MR. BERTRAM: What happened?

MR. GRANT: -- have tried to convince Europeans that they do take NATO seriously and they don't see it as an irrelevant second organization which is how it looked in the first term.

The problem is the fact that very few European governments take NATO seriously. It is not seen as anything that matters in most European capitals. Maybe France and Britain take it seriously to some extent.

Right now, there aren't enough troops in Afghanistan. The British general there has said without any doubt that we could win the war quite quickly if we get enough troops. They can't win the war in Afghanistan. It is an important war. It needs to be won, and it is not going to be won because there aren't enough troops and there aren't

enough helicopters. Nobody cares.

I think all the fancy ideas in this town about making NATO a global alliance and having Japan and Australia; I am not against those ideas and they are quite clever and quite interesting, but the real problem is let us make it work today. If it is facing a military defeat in Afghanistan, well, it won't be the end of NATO, but if it does get defeated in Afghanistan, it will be seen as even less important than it is today and become pretty much an irrelevant organization.

MR. GORDON: This is one of those disagreements where I think it is possible for both of you to be right. I think it is fair to say that the United States, at least perhaps recently, shown a great interest in using NATO. The initial Bush Administration assumption was we didn't want to be constrained by this political alliance.

You remember even the Afghanistan attitude of don't call us, we will call you. We specifically went and said, thank you very much. Ironically, we had this position where the Europeans including the French and the Germans wanted to send more troops to Afghanistan than we wanted to accommodate and the last thing we wanted to do was have this decided by a political organization with all our allies. Remember the war by committee in Kosovo and Chirac vetoing targets and all the rest. So, in that sense, it is fair to say that the U.S. hasn't led and done what it could have done to make this a viable organization.

That said, I think it is also fair to say, had it done so, would the Europeans have been there? Would the Europeans have had both the means and the will to turn into

that sort of organization? So there really is plenty of blame to go around if there is blame.

That said, NATO is actually doing its most important military operation ever on the other side of the world, so it is not as if NATO hasn't evolved at all. It is actually doing something really important. What it is doing is not only really important for Afghanistan but Afghanistan is really important for NATO because after all of this, if Afghanistan falls apart and fails, you tell me when is the next time we are going to manage to persuade everybody to do it as a NATO operation again. So I think there is a lot at stake on that question.

Andrew Pierre and then we will take the last two together, the gentlemen in the middle. So, first Andrew Pierre, we will group these two, and we will end with that.

QUESTIONER: Andrew Pierre, Georgetown University.

If I may, Phil, I would like to go back to the important question that was asked by our Turkish friend involving Iraq because I don't think the single answer was commensurate to the importance of the question. If you look two, three, four years down the road, certain things are pretty clear. The United States declines, if not gets out, and there is a tremendous problem still in Iraq at every level -- political, economic, social, not to mention security. This is of grave importance and is a high stake issue for the world including our European friends.

Christoph, if I understood your answer correctly, you say would favor German involvement, but there has been so much damage done in the context of European public opinion and politics that I think each of the European countries would have to

make a decision based upon what their domestic political base supports.

If I were to look, crystal-balling, down the road, I would say it is likely that we are going to be moving at some point, maybe when the next President comes on, to some kind of internationalization of dealing with Iraq, politically and economically more than in security terms, involving Arab countries, hopefully involving the Europeans, certainly involving the United States -- perhaps, from the European point of view, a *sine qua non*, that there be a major new initiative for dealing with the Arab-Israeli problem.

MR. BERTRAM: And including Iran? I am sorry.

QUESTIONER: And including Iran.

So I wonder if perhaps, certainly our French and British colleagues, and certainly Christoph if he wants to get back into it, could take a look at that broader issue in terms of where we go in Iraq and what is or could be the European role.

MR. GORDON: Hang onto that one. The gentleman in the middle?

QUESTIONER: I am Brian Beary, journalist for *EuroPolitics*.

My question is more for Tom and what he thinks the impact might be on E.U.-U.S. relations with a Democratic Congress when there are some specific issues at the moment where the U.S. and E.U. have real problems, notably in Doha, and Susan Schwab's mandates will have to be renewed next year by Congress, if I am correct.

The other thing is on the environment, and there are rumors that in Congress, they would like to pass some mandatory law on carbon dioxide emissions which would go completely against the Bush Administration. I am just wondering if you have any

predictions as to would the Democrats, if they took control of Congress, dramatically change U.S. policies on these issues.

MR. GORDON: Thank you. Christoph also has a question.

MR. BERTRAM: I just wanted to echo that, but also I think the environmental issues are growing in political significance in Europe, I think almost by the week, almost by the week. If we wanted to show that there is really a transatlantic approach to this, it would be very, very helpful to the transatlantic relationship. So I think the question of how would the outcomes of the elections affect this issue and is it something that we in Europe should actually push more actively in our relations with the United States, I think would be very important question.

MR. GORDON: Tom, why don't you take those first and then we can end on this question of post-Iraq?

MR. MANN: I alluded to the real difficulties with trade matters over the next couple of years. In fact, I venture to say, let us say I am completely wrong and Republicans hold on to the majority in both houses, I don't think they could extend trade promotion authority before it expires. I just think it is not in the cards now. It will take an extraordinary effort to rebuild the coalitional basis and domestic support for doing that, all of which suggests if anything is to come out of Doha, it is going to have to live within the time limits that exist now for that authority.

On carbon and the global warming issue more generally, the issue is evolving in the U.S. as well as in Europe. It is fascinating to see the lead taken by the States, especially now with Schwarzenegger getting into it and coalitions being built among

large states and even some private sector initiatives. The case has been strengthened. The interest in the issue is growing. Listen, we may all wonder how Al Gore can give the same talk 10,000 times, but every time he gives it, it is the same with the same jokes and has the same response which is overwhelmingly positive in the U.S. and around the world. It has revived him as a public figure. There is even rumor going on that one of the surprises of the last two years of a Bush Administration, especially with a Democratic Congress will be a shift on this issue and a willingness to begin to make some moves on it. Along with immigration, it is the most promising possibility of working in a divided party government on a matter of this type.

So the answer is trade is hopeless for the next two years, but global warming, climate change, a little more encouraging.

MR. GORDON: Thank you, Tom.

In whatever order, Andrew's big question about post-Iraq cooperation, anybody? Charles?

MR. GRANT: I don't know the answer to that question. From a British point of view, a lot of people in my country think we should get out now because we are making things worse by being there. Other people think it would make things even worse if we pulled out. Probably both are more or less true. The truth is we will just go when the Americans go. That is all we can do.

As for afterwards, Europeans will provide aid. They will be happy to talk about regional security structure including the Syrians and the Iranians and the political settlement, but nobody is going to send troops. I don't see Arabs sending troops. I

don't think very many countries are going to want to send troops there. They are not prepared to send troops to Afghanistan today, most European countries, at least to the bits of Afghanistan where they might get shot at, and they are not going to want to send troops to Iraq either. So I can't answer your question.

Just one final word on the global warming issues, certainly, in my own country, Britain, there has been an astonishing shift in the last three months really between concern about carbon emissions being a minority interest of environmentalists to something that every single political leader who wants to win an election has to promise higher taxes on carbon emissions and that sort of thing, and you won't win an election unless you promise to do something about it.

The E.U., of course, does have something called the Emissions Trading Scheme which is the world's first serious attempt to create a market-based mechanism for controlling carbon emissions. It doesn't actually work very well at the moment, but it is going to be revised next year. I gather that California and other U.S. states are talking to the E.U. about how they can plug into the E.U. scheme, and the E.U. scheme could become the kernel of a global network for controlling carbon emissions.

In terms of transatlantic relations, this is going to be the key issue for Europeans. I have no idea whether Americans think it should be or not, but as far as Europeans are concerned, it will be the key issue on what do we do about global warming.

MR. GORDON: Charles, thank you.

Nicolas?

MR. DE BOISGROLLIER: I have basically the same answer. I don't really see

what can be done apart from enlarging it and making it a more regional international approach, but the role that I can see for France in it will be only minimal.

MR. GORDON: Christoph?

MR. BERTRAM: I said my piece and that was enough to get Andrew to respond. I can't really add anything more.

I think if I were to give advice to any European government, I would say: Here is this country. It is going to go through a very difficult phase. This country here, in which it has to come to terms with how to deal with Iraq. If there should be, at the end, something of an idea, a consensus that makes remote sense, and if one reads what the Baker-Hamilton group is thinking about, there are lots of things that Europeans would also want to foster, not least -- and it would be very helpful to us -- the idea to have a framework for Iraq which includes Iran and therefore, at the same time, diffuses what otherwise looks like a rather insoluble crisis with Iran.

MR. GORDON: Andrew, since no one had the answer, I will just add the perverse suggestion that maybe the scenario you described is actually going to be healthy for the transatlantic relationship. I think the real problem, what created the Mars-Venus scenario was our power, our feeling of power, in a way our arrogance, our certainty that we know how to do everything. It already isn't the case anymore. It certainly won't be the case after Iraq.

Along with that is, I think, a European appreciation for the fact that a world in which America is too dominant is not very nice but in a world in which America doesn't exist and there is a vacuum is not very nice either. That could be the basis.

Whether that can happen with the current leadership, I am not sure on both sides, but with the new leaders that we have been talking about for the past 90 minutes and in that new environment, there may be the basis for cooperation on something in which we have such promise.

MR. BERTRAM: And with the present German leaders.

MR. GORDON: I am sorry, and Germany, already the new leadership.

So, on that optimistic note, let me thank you again, all, for coming.

Let me thank the DaimlerChrysler Corporation for supporting this important dialogue, and we will see you against next time.

Thanks to the panelists as well.

[Applause.]

[Whereupon, the event was concluded.]

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