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FOR A CROWDED PLANET

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P R O C E E D I N G S

DR. BRAINARD: Good afternoon. I'm delighted everybody could be here and delighted you all got a chance to get a bite before we get started. We're delighted and honored to have with us today as our special guest Jeff Sachs. Jeff is I think one of that very small group of global rock stars really that require absolutely no introduction so I'll give him none. But the one thing I will say is that he's going to be talking about his latest book, "Commonwealth" which if you haven't gotten a copy, you should. It's really very powerful and it's kind of the next chapter I think after "The End of Poverty." So I'm just delighted that we got a chance to have him here in person to talk about those conclusions and recommendations in that book.

After he speaks I think Bob Davis is going to take over as the moderator and we'll have a panel discussion. Not all of us are here, but our final panelist will drift-in in about half an hour. She had

an important meeting over at the World Bank. So, with that, Jeff Sachs.

PROFESSOR SACHS: Thanks, Lael. Thanks everybody. It's nice to see so many friends here. I really appreciate the chance to brainstorm with you.

We certainly are in interesting economic times and I have tried to write about those a little bit, not all aspects of what we're going through right now, but one part of it. Of course, we've been focusing a lot on the financial crisis which is the stark macroeconomic theme of recent months. But it's also clear that alongside the financial crisis is a real economy abrupt change that's going on and it's worth thinking a little bit about that as well.

We have oil prices at \$118 a barrel, food prices have more than doubled, in some cases tripled in the last year, and in a lot of ways it feels to me a bit like how I came into this profession 38 years ago in the beginning of the stagflation of the 1970s. I think we are in for a period of stagflation because we'll have recession, we'll have sharply higher prices

of certain critical commodities. How this unfolds of course depends a lot on the Fed and public policy more generally. But when I've tried to look a little bit in recent weeks back to the 1970s and now after writing this book, I was surprised at how many similarities there were that I hadn't quite remembered.

In the 1970s when oil prices spiked and we have a tremendous rise of food prices also in the 1973 to 1975 period, I recalled it as the time of the breakdown of Bretton Woods and the oil embargo in 1973-1974 and of course the rise of power of OPEC. But what made it more analogous to the current situation than I had remembered is the fact that in the preceding 15 years up until 1973 there had been quite rapid global growth and it was clear looking back that the excess capacity in oil and in food production had narrowed tremendously. In fact, the rise of OPEC power wasn't just a political shift or the undoing of post-World War II or pre-World War II arrangements, but actually reflected a quite

significant tightening of this crucial resource market. And the same with food. There had been a very significant decline of food reserves over a number of years culminating in two huge shocks to global grain production in the early 1970s from a major El Nino period. This combined with expansionary monetary policy, the fall of the dollar, the political mess in the Middle East, all conspired to a jump in these commodities prices plus a financial crisis plus a recession. And the one thing that is very similar is that Mr. Cheney was in the White House both times also and I have often thought actually that a lot of his subsequent political beliefs and strategy were really rooted in the trauma of that early period. There was a belief that we should never be vulnerable to this kind of shock again, and it's exactly the one we have driven ourselves into one more time. But I think politically he saw an administration fall from power through surging commodities prices, the stranglehold of Middle East oil, and his approach in my interpretation is that we just need troops in the

Middle East well stationed for the long term, maybe 100 years, and that this is really the right strategy for securing our energy resources. I don't think that was right then and it didn't work out very well in the late 1970s. We kind of helped foment an allergy to the U.S. presence in the region. I don't think it works very well here, but I do think that the underlying issue actually has a lot of similarities, and even the aftermath of the 1970s where you could say, well, that was a passing phase, we got out of that one, after quite a wrenching period of more than a decade of decisively slowed global growth and lots of turmoil. So it wasn't a period actually after 1973 even though it turned out there were ways of alternative resources, energy saving and so forth that allowed real economic growth to continue, it was a kind of trauma of hitting that very big bump at the time.

I think we're in for an even bigger bump in some ways right now, not necessarily a sharp macroeconomic shakeup, and my book wasn't about that

at all, though it looks like we're going to have that indeed. But in fact I think the reality of powerful global economic growth pushing up against scarce resources with now sharply rising marginal costs is a new phase for the world economy and it will take thoughtful leadership to find a way around this and it won't happen smoothly and by nice easy market forces. Markets will clear but painfully rather than happily unless there are policies that are appropriately directed to this. The book is really about the fact that this time we really are pushing against very, very tight margins on physical resource availability though more in terms of ecological realities, the physical resource limits are also in part a reflection of the ecological challenges and are also complicated by them.

So my argument is that with a \$70 trillion world economy, even remembering that the dollar isn't what it used to be so maybe in real terms it is not so stark, but with a \$70 trillion world economy and very, very strong underlying potential for growth through

technological catching up, we are pressing against global margins now in a unique way. Of course, the whole charge against an argument like this is "that's been said before starting in 1798," and I'm saying it's true now. I'm not saying it's definitive now, I'm just saying that it's qualitatively essential to understand the way that it's true right now. In fact, the book is optimistic in the way that economists have been optimistic about the Malthusian prediction for 200 years that technologies really do offer very important escape valves, but the book also argues that they don't begin to address these through market forces alone and that one needs a very coherent understanding of the issues and directed strategies to be able to address these problems and that if we just go on with growth and a Fed battling between easing and tightening as it is right now because of contractionary and inflationary pressures, we're going to bump on the bottom for quite a long time at least as we did in the 1970s and perhaps even longer.

The argument is that there really is something quite true about the ecological challenge now that is unique in its scale. I don't think we planned this to be on Earth Day, but there is something notable about our time: 6.7 billion people, \$70 trillion of output right now, an average purchasing power adjusted income of \$10,000, and an underlying potential growth of the world economy save for these harsh bumps in the road of probably about 5 percent per year coming from the powerful capacity of China and India and other countries to narrow technology gaps very, very rapidly right now. Five percent growth of course has a doubling time of 14 years and so if this growth is not held up in the end by sharply higher commodities prices and physical limits, ecosystem limits and huge shocks to production and food supplies and energy supplies and the like, we would see in the next 40 years at least a tripling or let's say roughly a tripling of this income to more than \$200 trillion.

The argument that I make in the book is that this is impossible with anything like our current technologies. It's not obvious whether we run out of the physical supplies at low enough marginal cost to have that kind of growth or whether we destroy the environment in the process because we're really pushing on both a price margin and a ecological margin and we have the capacity if the prices remain low to destroy the environment first or if the prices really sore to be choked off limits to the availability of crucial inputs to growth, and I'm not sure which of these two will really hold because we're pushing up against both margins.

What are we doing? Basically every single aspect of the Earth's ecosystems are under a stress as never before. We have all had a good lesson in climate science in the last few years to understand one particular dimension of this and that's the rise of greenhouse gas concentrations which CO2 alone are increasing at 2 parts per million right now, a little bit more than 2 parts per million, at a level starting

at about 385 parts per million as of today and almost every climate model and more and more science suggests, not only does that imply at the current levels of production that we reached CO2 doubling by the end of the century and with any kind of realistic growth scenario of the kind we want, that we'd reach a doubling by mid-century, but that the true risk levels for this are probably well under 560 parts per million given the likely devastation that would be caused in pretty pervasive ways in food productivity, in temperature-related destruction of ecosystem functions, of course potentially in direct acidification of the oceans, in forecasts of very large-scale species extinction because capacity to migrate now in the world is very, very limited in most parts of the world because of either inherent lack of migratory capacity or the patchiness of habitat for that kind of migration, and so the climate change is probably the poster child case of these kinds of limits.

But the more one looks, and especially as I am these days surrounded by ecologists, climatologists, hydrologists, and agronomists, the more these limits loom very, very large in countless dimensions, our diversion of global water supplies is really shocking actually with about 60,000 dams now, large numbers of major rivers no longer reaching the sea, massive loss of groundwater in hugely populated areas like the Indo-Gangetic Plain, and like the North China Plain, and dropping groundwater in our own Ogallala reservoir-aquifer-dependent Midwest and Southwest, huge changes of snow melt coming earlier in the season or coming not at all because warmer temperatures in the mountains mean that we no longer have buffering of snow and then runoff during irrigation season for cropping, disappearance of glaciers on which probably between 300 to 500 million people depend directly or indirectly for their water supplies given where they live right now, with the Himalayan river systems which feed South Asia, Southeast Asia, and East Asia, or the Andean river

systems which feed Peru, Bolivia, and many other places, massive destruction from nitrogen with huge eutrification of almost every major estuary in the world right now like the dead zone in the Gulf of Mexico which is famous for us but is a phenomenon that is worldwide, and that's coming from the amount of nitrogen fertilizer runoff that comes from feeding 6.7 billion people.

Indeed, the more one looks at the food supply the more I'm convinced that Malthus really had a point which is that in sheer carbohydrates we have been able to keep up with population, but in almost every other dimension of the food chain, we're pushing against limits that are crumbling in many areas; not only more and more climate shocks, but massive land and soil erosion, great water stress that we've not even heard of yet. As long as the water table is there things are fine and when the water table finally disappears we're going to see huge dislocations in the world, large crises of invasive species and so forth, and of course, continuing destruction of habitat

especially in the tropics, the last place on the planet where rain forests can be cleared because we've already destroyed most of the forests except in the boreal areas in the temperate zone world.

So the book makes the argument which I'd be happy to discuss that we can't do again what we've done because we've really reached critical limits at a global scale. Throughout history we've always reached these limits at local scales, sometimes disastrously, sometimes not, but there's always been some place to run and some place to hide, and now there really is no place to run and hide at the dimensions of what we're talking about. So I'm making an arithmetic point which is that with our current technologies we've really filled up the globe and we have put so much at risk now that the mechanical kind of growth projections which I like and use of continuing rapid growth in China and Asia and continuing economic growth in the United States and so forth does not add up anymore.

The question is what's going to happen in part although it's not mainly about fortune telling and also what can one do about it. The gist of the argument is that again we face two kinds of problems with this reality. One is that under current trajectories where we actually invest remarkably little in solutions and we don't even recognize these problems until they hit the wall, the chances for massive dislocations are very great. Some of the kinds of dislocations that can occur will be even not particularly recognized by us. That will be the kind of hunger crises that have been shaking the poor for a long time but are now intensifying dramatically because of the rising real price of food, and we've had now probably a dozen at least, but perhaps two or three dozen countries with food riots and at least one government that fell, Haiti's government, that fell a couple of weeks ago due to this, but this is a pretty pervasive phenomenon right now. We're just into this because this is just the first 3 or 4 months of these extraordinary increases of prices.

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Part of what will happen is a tremendous amount of shock and dislocation of the kind that will pawn off or that will turn into conflict and instability which on our current model we would try to address probably through a military or security approach without any chance whatsoever of success. A second possibility is that we continue to see very high real prices. I don't know of continually rising prices, that doesn't quite make sense, but very, very high real prices of critical commodities which are enough to choke off a lot of economic growth, and that's what happened actually for 10 or 15 years in the 1970s and 1980s so that the whole scenario of a robust period of global growth ends not simply because of subprime mortgages but ends because we really hit some boundaries. And when you think about Saudi Arabia saying that they're done at 12-1/2 million barrels a day which they may never get to and that's what they announced yesterday. And you see stories of the peaking of Russian oil which of course all of these are question marks, and we know of a lot of

other non-OPEC oil reserves which are under tremendous stress and actually in decline right now, and there's an increasing feeling that even the vast coal supplies, as dangerous as they are for climate change, actually aren't as vast and as easily accessible as was hoped for. We could simply be finding that we're going to face a sharper and shaper squeeze in terms of market prices and market performance, or as I said, we could go over the cliff in the environmental way.

So what is the alternative to this? The alternative of course is the notion that there could be, it's only a hypothesis, powerful large-scale alternative technologies that are not only vastly more resource saving but that would accommodate a continuing of rapid economic growth in the world as we hope for. In other words, would leave space for developing countries to grow and leave space for the U.S. to grow and avoid the kind of food and energy crises which we're in for the moment and which could easily intensify or choke off that growth. It's not very easy to find this because we're facing two kinds

of constraints and not one. It's not simply a matter of alternative supplies right now. It's got to be alternative supplies that are also environmentally sound given the limits that we find there.

I'll rattle off a few examples. I'll give you an example of how we're not doing anything right now. One can think of course about how to continue to use fossil fuels, mainly coal and unconventional fossil fuels like tar sands and so forth, but the only way to do this at large scale would be through massive carbon capture and sequestration which is a good idea and essentially an untested technology. We're emitting 30 billion tons of carbon dioxide right now which is a hell of a lot to store, and the question is whether this technology works at all, whether it works at cost, and whether it works at scale. We've precisely taken zero steps to find out. So in the 8 years of this wasted administration, wasted time, the 2006 R&D spending for carbon capture and sequestration was about \$60 million. I think it was \$67 million according to the IEA, the International Energy Agency,

which is 60 minutes of Pentagon time. So my feeling is that we've just not even begun to be serious about this at all. One of the last acts of this administration will be to close down the one project that was aiming to produce one power plant to test this, the FutureGen project. In the 1960s, from 1961 to 1969, we put a man on the moon and brought him back safely to Earth and here we couldn't build one damn coal plant. That's pathetic of our country, and that's where we are right now because we don't invest at all in this stuff.

So that's a kind of technology that could be partly a way through this. In fact, it's a critical node of any decision treaty because if it doesn't work, we're in a hell of a lot of trouble, ladies and gentlemen, in a hell of a lot of trouble. China has overtaken us in carbon emissions and they're essentially 80 percent coal based and so we're going to see soaring emissions and it would be nice to work with China to finance just one demonstration project

in China too, but we've talked about this for year with zero real steps forward.

Other technologies on energy are perfectly apparent. We probably could have a plug-in hybrid fleet even as early as the mid-teens. Chevrolet says they're going to roll out a plug-in hybrid in the year 2010 which is quite exciting. It actually shows that there's a pulse in our auto industry, and even a measured chance of some survival if we were at all serious about this. That kind of technology could deliver 100 miles per gallon. Of course, its main carbon effect would be on the energy side. It offers a lot more flexibility in terms of sources of energy to power automobiles because it substitutes away from liquid petroleum since you are using electricity from the grid. And on the carbon side it works to the extent that the electricity grid is itself clean at least on the margin, so we could have a huge expansion of automobile productivity or energy efficiency.

It's incredible that the president has set a standard for 2020 of 35 miles to the gallon which is

less of course than Europe gets today and less than the Chinese standards. It's just shocking. Of course the proposal lasted about a minute before it was greeted with a worldwide reaction of scorn, but it is something that we could do. Another scalable technology is solar thermal power. This is one of the most interesting technologies available because given the amount of insulation received just in the Mojave Desert a small part of the desert could provide more than half the electricity needs of the United States as was nicely laid out in a "Scientific American" article in January of this year. A small part of North Africa could provide for Europe's needs. A small part of the Sahel could provide for Sub-Saharan Africa's needs. So we're not running out of energy per se. Incoming solar radiation is about 6,000 times our energy use. It's also about four times more expensive than our current energy. You'd need a huge effort to get that down, though there's every possibility it can come down, but on what time scale,

at what cost before we get there. How much have we invested in this? Zero.

So we're just spinning our wheels right now and the book argues that whether it's water, land use, management of the oceans, management of carbon emissions, management of the energy supplies, there are things to do that could make a profound difference. Our total spending on alternative energy right now is about \$3 billion a year. That remember is one-and-a-half days of Pentagon spending. I put it in those terms because that's actually the choice that we have been making in our foreign policy. The choice has been defend the Middle East, station troops in the Middle East, protect the oil supplies. It's a failure of a strategy because it doesn't work on its own account and its arithmetic. There is just not enough there to be able to accommodate China, India, the United States, Europe, and elsewhere. We need alternatives and we're not getting them because our vision has been that the chokepoint of the world

economy is the Straits of Hormuz, and it's the wrong conception.

So let me close by saying a few things of which I think we ought to do, and I have 10 points that I will summarize quickly that I think the next administration ought to take up on January 21st after a wonderful gala ball the night before. First, I think we ought to get out of Iraq immediately because there is absolutely nothing good that can be accomplished there for us or for Iraq, and I'd like to save what is indirectly and directly about \$200 billion a year. I want to put that on my ledger because I'm going to spend some of it in a moment, but I want to start there because I don't think it's 18 months or we'll wait and see, I think it's now because it means nothing to be there. It's the wrong model for us, the wrong foreign policy. Second, end the Bush tax cuts because we need the \$250 billion or so per year that will be recaptured there also. So I want to pocket \$450 billion for the moment.

The third is I think we need National Institutes of Sustainable Technology to complement the National Institutes of Health. Just like with health where we have a private pharmaceutical industry that lives symbiotically with a government-sponsored major scientific venture of about \$30 billion a year and we know we get value from those investments. We need the same thing on the side of sustainable technologies. So we need to go roughly from \$3 billion to \$30 billion a year and I think this is vital if we're going to put in some demonstration power plants, if we're going to get into solar thermal, if we're going to improve battery performance, so that we can have a fleet that is a 75-mile fleet by 2015 and so forth, and that's the kind of realistic arithmetic that we need. These are all close to technology-achievable goals right now but they need a major public effort complementary to a private effort and that's how good technological development works, but we just haven't been doing it at all. We actually spend much less in real terms now than we did at the end of the 1970s in

our energy research because we abandoned all of that after 1981 and it comes I think at huge cost for us and for the world. So that's the third point.

The fourth is to bring us back into compliance with American law and international law on climate. So I think we ought to have the president send an envoy around the world that first week to China and India and Russia and Canberra and Brussels and elsewhere to say that we're back at the negotiating table. There is a timetable to close a post-Kyoto agreement in Copenhagen at the end of 2009. Whoever is the president will have had to do a lot of homework before then to have in mind a coherent strategy, but I hope that homework is done in the next few months because there is a crucial need to be back in compliance with the U.N. Framework Convention on Climate Change. Remember it is part of American law, the commitment to stabilize greenhouse gases. It's not just something that we decided not to do at Kyoto, we actually decided to do it under the Framework Convention on Climate Change of which we are a due

member and which we ratified under President Bush senior. So that is the fourth step that I would immediately advocate.

The fifth is to come into international norms on two other major framework treaties which I think we need for the global commons if we're going to solve these problems. One is the Convention on Biological Diversity and the other is the U.N. Convention on the Law of the Sea. We may come to the latter one just out of wanting to go mine in the Arctic, but both of them are actually quite important for us to have an international legal framework to get some measured control over the destruction of the global commons whether it's the fisheries with destruction of ocean bottoms through deep sea trawling, whether it's the destruction of species covered by the Convention on Biological Diversity, we should be parties to those as well. I would add at this point in a footnote we ought to also be party to the Geneva Conventions. The last time I checked,

torture really was against the law in this country and I think it ought to remain against the law.

The sixth thing I think we ought to do immediately is end the ethanol subsidies which are wreaking havoc in the world by putting about a third of our maize production this year into the gas tank at exorbitant cost, several billion dollars of direct subsidy, no net carbon gain, no ecological gain, and huge social cost for the world. This is of course the genius of Iowa being the first caucus state and it comes at an enormous cost for our country and now for the world.

The seventh thing that I would recommend is that the president convene early in the term to call for a meeting at the White House of the leaders of Senegal, Mali, Chad, Sudan, Ethiopia, Somalia, Yemen, Saudi Arabia, Iran, Iraq, Pakistan, Afghanistan, and the mayors of Phoenix, Atlanta, the Prime Minister of Australia, and any other dry land region that would like to come to recognize that the biggest instability in the world is water stress. It's the hardest one to

manage of all of the development challenges. Water stress is the number one challenge. What Senator McCain calls the transcendent challenge of Islamic extremism is actually the transcendent challenge of hunger, poverty, unemployment, and growing water stress in that swath of the Sahel, the Horn of Africa, the Arabian Peninsula, and into Central Asia, and it's a huge basic mistake of our foreign policy to misjudge this point. We just did about \$11 billion of financial transfers to Pakistan in the last 7 years essentially all for military purposes without recognizing that that frontier province where Osama bin Laden is presumably hiding is one of the most hunger-stressed, water-stressed, poverty-ridden, livelihood-devoid places on the planet and if we actually went for veterinary care, livestock survival, water points, schools, and other things with a tiny, tiny fraction of that amount of money, we would have done a lot more both to find Mr. Bin Laden and also to make it safe for the world with less chance of finding bases of terror in that place and elsewhere. I'm

working in a lot of these places not in the war zones but in incredibly stressed dry land areas. It's hard to imagine how hard these places are. They do not lend themselves to easy solutions at all. There's no quick fix. Crop yields, livestock survival, incomes, are incredibly difficult to manage, and there are of course tens of millions of people in the worst impacted zones and we've done nothing, nothing about this for years and this is the most unstable place. We could go with all our counterinsurgency efforts, our Africa Command, our Sahel counterinsurgency program, we can bomb and strafe Somalia until the end of time and we will not solve this problem. People are hungry, they have no jobs, they have no reliable water, and we need to approach this in a proper way. The same is true with Darfur, by the way. Darfur is not about China. In Darfur there is any kind of abuse from Khartoum, but Darfur fundamentally is about water. Have no doubt about it, there is hardly a livelihood there. There's no electricity, roads, water points, or food production that's adequate right

now. Just to digress for one moment, I was called to an emergency meeting at the U.N. It turned out it was the DPKO Peacekeeping Office. They were trying to determine how to station 26,000 troops because they couldn't find reliable water for them. This is in a region of 7 million people. So I want to emphasize again how we need to take a completely different approach to our understanding of such challenges and Lael's superb book on this this past year is exactly to this point. I think it is the best book on this topic and it exactly captures this basic truth.

The eighth point that I would recommend is that we restart the funding of the U.N. Population Fund. The idea that somehow it's okay for them and for the world that the poorest places in the world have fertility rates that remain at six or seven or eight in the rural areas makes no sense, and the evidence shows that with a decent development effort and availability of family planning and contraception and the ability of girls to remain in secondary school, there can be a significant and rapid decline

on a voluntary basis of total fertility rates and we ought to be promoting that avidly rather than cutting off financing for these efforts on essentially domestic political grounds.

The ninth point is that we should put the Millennium Development Goals where they belong at the center of our strategy vis-à-vis the poor countries of the world. You people know a lot more about what President Bush says than I do, but as far as I know, he's uttered the words Millennium Development Goals consecutively one time in his administration. Maybe someone knows another case. I happened to be there the one time I know of which was September 14, 2005, at the United Nations and after he had just got done thanking the more than a hundred countries who came to the U.S.'s help in Katrina he uttered the words that the U.S. is committed to the Millennium Development Goals. It is certainly one of the best-kept secrets of a very secretive administration because we never hear it, never see it, there's no coherent role. It's a shame and it's a huge mistake of U.S. foreign

policy. Just a huge lost opportunity to cooperate productively with other places in the world, and I hope the next president will take this up.

Finally I believe that we need to give our government some eyes and ears again to be able to understand, see, and hear these issues because I believe that USAID has been so weakened over the years, so gutted, so politicized, so devoid of budget, every strategic effort taken away from it, put in the Pentagon or put some place else, that we need to rebuild a capacity and actually build a new capacity to understand the issues of sustainable development, not only economic development, but sustainable development in a holistic manner. So I want to recommend a Department for International Sustainable Development at the cabinet level. I think it's a basic step that we need. It is important for our role in the world, it's important for the president to get cabinet-level advice on these issues, to have a professional corps that can combine knowledge of climate change, agronomy, hydrology, disease control.

We ought to fold back in programs like PEPFAR and PMI and others into a new cabinet-level position, and we ought to get serious about this. We made a commitment in the Monterrey Consensus to make concrete efforts toward the target of 0.7 percent of gross national product as official development aid and that ought to be a commitment that is consistent with a cabinet-level department in this area as well, and we ought to aim to achieve that commitment by 2015. So those are a few practical suggestions.

I think the main point I'm saying is we're adrift, absolutely adrift right now. Foreign policy makes no sense. It's aimed to fight symptoms and a phantom. It doesn't address ecological realities. It doesn't address economic realities. It leaves the United States out of the critical dimensions of change in the world right now, and it's time to do something about it. Thanks a lot.

(Applause)

MR. DAVIS: Thank you very much. My name is Bob Davis. I'm the international economics

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correspondent for "The Wall Street Journal." I'll be moderating this panel. The idea here is to try to get some comments from the three panelists and to get some discussion going with Professor Sachs. I'll try to keep us on track so that we finish roughly at 2:20 to leave about a half hour for questions. You may see me dipping into my pocket to take a look at my Blackberry. It's not usual that a reporter is incredibly rude; it's just that I realize that my watch is broken so I may have to use that as a backup.

Let me introduce the panelists first. To my left is Lael Brainard who I'm sure a lot of you know. Lael is the Vice President and founding Director of Brookings Global Economy and Development Program and holds the Bernard L. Schwartz Chair in International Economics. I knew Lael and have known Lael as a senior White House aide where she distinguished herself greatly particularly in the Asia crisis. I think what I meant to say also is we have here from Leal, Phil, and Oby, three kinds of power centers in Washington. Lael has spent a fair amount of time in

the White House, Phil in Congress, and Oby at the World Bank.

To my right is Phil Sharp who is the President of Resources for the Future, a very innovative energy think tank. He served 10 years as a congressman from Indiana and had a reputation there as one of the most thoughtful and effective lawmakers on energy policy. He has also served on the faculty of the JFK School and the Institute of Politics at Harvard. For those of you who don't know it, Resources for the Future was founded in 1952 and brags that it's the oldest think tank devoted specifically to energy, natural resources, and environmental issues. I don't know how that's qualified in a certain way, but it's a very interesting place and has very interesting ideas on issues that tend to get a lot of political correctness attention.

Oby who I had hoped to talk to a little bit earlier so I wouldn't entirely mangle her name, but I have it as, please correct me, Obiageli Ezekwesili.

MS. EZEKWESILI: That's an A.

Deleted: DR. EZEKWESILI

MR. DAVIS: So you don't mind if I call you Oby, because I ain't doing that one again. She's the Vice President for the Africa Region at the World Bank and has spent her career fighting corruption in Nigeria and elsewhere in Africa. She was a founding director of Transparency International, head of the Africa Unit from 1949 to 1999. She also worked with Professor Sachs on Nigeria economic strategy. And she went on to be an aide to Nigeria's presidents working on budget issues, later on minerals issues, and later as the Minister of Education.

Let me just start with a question for Professor Sachs. It was interesting listening to you go through your book after having read it because your presentation was fairly dour to say the least, but your book is pretty optimistic actually. You sketched out rightly I thought and interestingly an aggressive agenda for Washington since we're in Washington, but the book has a global agenda really. The question I had for you though is you kind of rely on an unprecedented amount of international cooperation,

multilateral cooperation, at a time when you see just the opposite in the world. What you see, apart from whatever the U.S. has been doing, is the emergency of China and Russia asserting themselves, national governments whether it's through petro-nationalism, sovereign wealth funds, sort of a rebirth of almost national state authority which you would think would make it even harder actually to get international cooperation, and I wondered how you would deal with that.

PROFESSOR SACHS: My sense is that China and India would very much subscribe to an international cooperative approach on these issues. The reason is first what they want strategically more than anything is a quiet world because for them time is on their side is how they feel, and I think they're right, which is that the world is quiet, they can continue to catch up, and that's what they want to do. So both China and India are definitely stabilizing forces in the world and I think that they're ready to contribute

constructively to the kinds of things that need to be done.

But there's another point that's perhaps even more important which is that they are two of the most crowded places on the planet and the most resource strained parts of the planet also. China is 22 percent of the world's population, about 7 percent of the world's land area, and about 6 percent of the world's water resources, so they're roughly a third or less of the per capita resources and they're feeling it incredibly right now, and they know climate change is coming after them. India is even more stressed. It's 16 percent of the world's population and around 2-1/2 to 3 percent of the world's land area. India's rural areas feel like our downtowns, they're so crowded and they're is so much under the gun of climate risk, habitat collapse, challenges of productivity of food supplies and so on. What I would propose is a global effort on sustainable technologies. I wouldn't be against a bit of national interest in all of this because I think we ought to

help our auto industry to get there first on plug-in hybrids and so forth and it doesn't seem to me that a bit of industrial policy would be the wrong thing in this and if there were a race to more sustainable technology, that's fine. But in the general strategy of the need to come to grips with global hydrology, food supplies, habitat, energy supplies in a technological pathway, I think we'd find ready partners.

Of course, we've not done anything and the only thing that the Bush administration basically did for both of them is to say we don't want to do anything on climate, you don't have to do anything on climate. We'll have a meeting every once in a while and we'll run down the clock. They're not completely against that, but I think there's a better offer that can be made.

MR. DAVIS: Lael, I was wondering, these sorts of issues are the kinds of issues politicians like to talk about. It makes them look good that they're concerned about global issues, that they're

forward looking, forward thinking, thinking of the future, but my experience is, and you have a great deal more than me, that these types of issues get pushed back on any White House agenda, that inevitably it will be about jobs or Iraq or whatever the next crisis is that we don't think about. I was wondering how you would see either a Democratic or Republican White House dealing with issues like this.

DR. BRAINARD: I think it is interesting. I think the challenges that Jeff calls our attention to are the challenges of our generation, the challenges really for the world, that we either face up to them and do it effectively now or our children are going to inherit a very, very different and much grimmer planet. And yet if you look at the campaign debates, these issues are almost nowhere on the agenda. We're very, very focused on exactly how and when we're going to get out of Iraq which is relevant for a whole host of reasons, but those are not the reasons that are being debated. We are very focused on how the Chinese are stealing our jobs, but we really don't have a

prescription for how we can grow together and grow sustainably. So what is interesting, what is disheartening I think is how little these issues have gotten serious attention from the candidates despite the fact that I actually think personally all three of the candidates are serious, can see the interconnections between these things, and would want to do something about them personally.

In terms of how the Democrats versus the Republican likely candidates are likely to approach these issues, they've all done the kind of check the box in terms of some of the advocacy positions; we're going to double funding, we're going to grow HIV/AIDS funding, we're going to put money against primary education. We've seen that in all the position papers. But a simple thing like Jeff mentioned which many of the people, Nancy, Sam, Paul, I'm looking at different people around the room, I know are very supportive of giving sustainable development serious heft within the administration as I am. Not a single

one of the candidates is willing to take on a simple commitment like that.

If you look at it, all three I think know that the U.S.'s position in the world has deteriorated precipitously. If you look at all the polling, if you look at our ability to move other countries in our direction in international fora in a very short period of time, they all want to come into office and restore American leadership. And for all the problems that Jeff puts on the table and all of his solutions, there has to be a nation, several nations, that create new governance structures, new international arrangements that actually bind. The U.S. is in no position to do that at the moment. In China and India for all their self-interest over the longer run in having those things happen don't have a history, don't have the ability to make those things happen.

So can the candidates actually do what they say they want to do? If you look at the Democratic position on trade, almost certainly not there. Look at the Republican pressures on immigration, almost

certainly not on some of these issues. So there is this kind of difficult disjuncture between what the nation needs to do globally and what our domestic political pressures will enable any of these candidates to do when they initially come into office which I think should be sobering to all of us.

MR. DAVIS: Phil, maybe you could comment, given all your experience in Congress. Congress is going to take up I believe the cap-and-trade system in fairly serious fashion. Maybe you could start on that and give us your assessment.

DR. SHARP: Article I established a Congress who would bring total wisdom of the government to the fore and so you can bank on that to solve the problem -- the reality is I think that we're really at a tipping point in terms of change and Jeff's book and the much larger effort that he makes is I think powerfully important in our society today. I just wanted to make sure that we don't lose sight of that as we start talking about the difficulties of getting there because laying out what the problems are, laying

out some alternatives imaginatively and with a commitment is needed in multiple arenas in this country and that's a useful thing. I would say I saw him, I think it was on "Charlie Rose," I'm not sure, you were optimistic and it was a delight to see.

PROFESSOR SACHS: I'm in Washington today.

DR. SHARP: But very seriously on a much more positive note, one can quickly imagine all the difficulties in Congress and the Executive Branch and American politics on this. I don't put as much stock as some people do in the campaigns offering up rational approaches to our future, they need to focus on tough and intense competition. I'm hopeful they'll leave themselves leeway to lead after they're in office. But very quickly, I think we are seeing a much broader understanding certainly among the political elites in this country, hopefully the business elites and others, and the folks who know more about energy and climate, the notion of the energy markets and globalization has meant that what is involved here is that our prosperity, our self-

interest, is more and more caught up in well-functioning international markets in energy and our health is as well because those markets and their impact on the environment are now not something that happens in India and China, it happens when the normal pollutants blow across the Pacific, they blow across the Atlantic, we are all caught up into it. So anybody who thinks we can isolate ourselves and have clean air, talking about our children and our grandchildren, they're talking about the last generation of Americans. So we have personal stakes in a way we have not had and effective political leadership will help people understand that and be able to get support for all kinds of things, and certainly on CO2, that is the ultimate global thing. So I think there is a self-interested argument.

The second thing is we're looking for creative paths as Jeff points out. On climate I'll just call your attention to something one of the people in our shop, somebody that many of you know, Nigel Pervis is writing about, is how instead of

trying to go the treaty route, we in America (the rest of the world can go the treaty route, this doesn't affect them) we can go the Congressional-Executive agreement route which takes fewer votes in the U.S. Senate, and is maybe an approach. I won't elaborate on it unless you want to at another point, but it's another route because people are starting to think imaginatively how to go.

The final thing that I just wanted to mention is, IEA claims, who knows whether these projections are right, to meet what they view as energy demand. By the way if the economy collapses you're not going to see these things happen, you're going to see some \$22 trillion invested in energy infrastructure between now and 2030. Some people wring their hands and say "where are we going to get that?" Some people wring their hands rightfully and say so much of that is going to go into carbon-intensive industries like coal, we're just never going to settle this. But look at that. You can reshape the investment, a lot of that private-sector

investment of that \$22 trillion and you're going to have an unbelievable influence on the technologies that Jeff is talking about and very importantly, we have to engage clearly the private sector in doing that. So excuse me, I'm starting to preach.

MR. DAVIS: Oby, I have a slightly different question for you. If Jeff is right about this in this sort of broad sense, that is Malthus being right now of the world reaching certain physical limits, doesn't that argue that for places that are rich in commodities like Africa that a smart path of development would be to rely on those commodities which is sort of counter to the development advice of decades where commodities were seen as a dead end, you go up, you go down, sort of screw up the economy? I was wondering if, I guess, that's sort of the upside of the problem that we're facing.

MS. EZEKWESILI: Very interesting question.

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I think that you are, within some contexts, pretty much correct about the importance of a place like Africa and predominantly resource rich and well-

endowed countries building their development strategy around their area of natural advantage. However, what we see is that the exact issues that will fuel the kind of development that is diversified are the kinds of challenges that Jeff is putting across. Today Africa is growing at least at 5.7 percent on the average, much more than it has done in the past. One of the things that's swelling the growth is of course the boom in natural resources. However, the other thing that's swelling the growth is also that Africa is managing it better than it did in the past in terms of the policy environment, the issues of institutional and governance platforms through which better accountability and transparency happen. So why is it happening at this point in time? It's because over many decades, in the last decade at least, what we've seen has been a stabilization of the political process at some level and so greater involvement of the civil society demanding accountability. The pressure for demand for transparency and accountability is no longer the externalized approach that it used to be.

Within Africa more institutions are growing that are demanding accountability and so even though you see hiccups occasionally in terms of the political process, the general trend is that people are becoming so comfortable and much more empowered in the sense that they can demand accountability.

To that extent therefore for those economies where predominant wealth comes from natural resources, it is the case that having the fundamentals for macroeconomic stability as a basis for diversifying away from this one monolithic source of revenue is also enabling the growth to happen. But there is a major issue that ties and links to what Jeff was saying about the limits. Africa is the continent that's least contributory to the climate situation and yet it is the continent that is going to be looked upon to sacrifice its goods if we don't look at the climate change agenda from the perspective that Africa must be supported in adaptation.

More of the conversation on climate change resolves around mitigation. Do you see the kind of

interest in the issues of climate resistant development strategies? You know definitely that with all the problems of -- erosion, deforestation, desertification, all these challenges that many on the continent are facing right now with the double impact of the rise in food prices and the lack of access to technology for the kind of agriculture that would enable agricultural productivity, it becomes a double jeopardy for the continent. So how do you on the one hand say, "you know what, if you manage your natural resources wealth well you would grow and balance it," against the fact that these are nonrenewable and that for as long as they do not have the kind of access to technology that would enable the transformation of infrastructure of the -- sector, of whatever, or energy?

Take a typical country, Botswana. Botswana has been the country that you can take the greatest pride in in Africa in terms of the way it managed to move from a diamond economy, developing the kind of economic policies that matched with political

stability that it has had since it gained independence to enable it to become a middle-income country. And yet Botswana today faces the problem of energy, and Botswana's potential source of improving its economic growth which has been doubly attacked by the problems of HIV and AIDS at a level that's so endemic that it actually really challenges its economic prospects. And you see this twin problem of needing energy to power the next level of diversification away from the diamond economy and yet stacked against the fact that the most important source that it identifies right now is coal. What you would hear is that people would give a lecture to Botswana and say, "why develop coal energy?" They say that without saying, "what is Botswana going to sacrifice if it is not supported in getting the right technology, the appropriate technology, to enable it to get the kind of energy that it must have fuel its growth."

MR. DAVIS: Let's do one more round and then we'll go to the audience. Jeff, you mentioned 10 things which is a lot. I think the war in Iraq is

pretty in and of itself. But it seemed like you were most passionate about water. It wasn't clear to me what your solution to that was, and maybe you could sketch out how you think one should address it.

PROFESSOR SACHS: Let me come to that in just a minute because I just wanted to respond to a couple of the things here. I think what's crucial is framing these issues in a way that is understandable because if the top issues are jobs, Iraq, immigration, our own energy, I think all of these issues in my view are centrally related to what we're talking about but not viewed in that perspective. The jobs challenge here will come with \$120 a barrel oil. We're getting squeezed. Jobs are going to be lost. The nature of our competitiveness against Toyota depends on whether we're selling cars that can compete in international markets. There are many ways to put the jobs issue in a positive way and not simply a defensive way.

Again, I would argue on Iraq, aside from the merits or demerits of this particular policy, we're there because of a fundamental policy that we have in

this country, there is no doubt about that, about the strategic significance of the Straits of Hormuz and the Middle East. And even that is acknowledged despite all the lies around it, but that's central and so it has to be put in this context that that can't be a way to our energy security.

Immigration. Can we really sit back and expect a world of both impoverishment and another 2-1/2 billion people added to the planet net by 2050 to not exacerbate this number one hot button issue in the world? No.

And finally on energy, what's striking about energy for us right now aside from the cost of oil, you can't even fund a power plant now in this country. You cannot fund a coal plant and you can't fund a nuclear plant. You can't fund a coal plant because the financial industry won't touch it, and you can't fund a nuclear plant because we don't have public acceptance of the technology. So we actually boxed ourselves into a corner because we have no policy direction right now on what path we're taking on our

own energy supply, and this is quite a basic point. So in my view these issues can be put into the most bread and butter terms because they are bread and butter terms. They're not highfalutin do it for someone else terms, they're actually about how the world economy works and therefore how our own economy works in the years ahead. So that's (interruption) of Islamic fundamentalism and you find just a vast cohort of young people entering job markets where there are no jobs, entering into adulthood without having the livelihood to have a marriage, a family. So that all of these issues I think are viewed in sort of these little cones or these silos and if we could start to put them together, if we could put our own water resource regional kind of governance questions into the same bucket as we do, how do we govern across borders more generally when you have demographic stresses and environmental scarcities. If we could start to think about those things as all of a piece, you'd have a very different policy dialogue.

The points that Oby was making earlier, I

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mean essentially you have a group of countries who all they really want is to be able to have the same success that the industrial countries had before them, that the Asian countries have now had. China and India are starting to have an extremely intensive carbon intensive model of growth and suddenly we're pulling the rug out from under them and saying, "you have to find a completely different development path forward, but by the way we don't know what it is, we're not going to be investing in the technologies that will help you get from here to there and you are going to be at the epicenter of the environmental stresses that come from our own development paths."

So until we start shifting the way we talk about these issues and the way we think about them and make clear to the American people that we can't sit in our little lifeboat over by ourselves, I don't think we're actually going to be a very big part of that solution.

MR. DAVIS: Thank you.

DR. SHARP: By the way, there are other

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transfers that are quite possible under this global climate change issue. If we can find a way, a mechanism, economic mechanisms being studied, lots of people suggesting how to help finance deforestation, to slow it down, there's a huge potential transfer of knowledge that can just recognize for a number of these places that those tropical forests are a value to them and their enormously valuable to us in the rest of the world and we ought to be willing to pay to help see that those resources are developed in a different fashion and you can work out mechanism with satellite imagery. We have opportunities.

The point is we have technological and other kinds of imaginative opportunities if we will seize upon them. And besides that I don't think there's any way internationally we're going to be able to dictate to these all people, you cannot have economic growth if we don't find some kind of mechanisms to mitigate climate change and certainly we're not going to be able to dictate that to India and China and Indonesia and Brazil.

MR. DAVIS: Why don't we go, we have some time. Why don't we go to the audience for questions? Right over there.

AUDIENCE MEMBER: First of all, Jeff thanks for your great work as always. I'm looking forward to reading your book.

MR. DAVIS: Can you introduce yourself?

AUDIENCE MEMBER: Marc Weiss from Global Urban Development. And I just had a question and it goes to all the way back to early in your talk, but it really isn't sticking in my mind. You mentioned that according to the International Energy Agency the total, if I understood correctly, total public and private investment.

PROFESSOR SACHS: Public investment.

AUDIENCE MEMBER: Oh, just public. Okay, total public investment in research and development on carbon capture and sequestration last year was 67 million.

PROFESSOR SACHS: 2006, the most recent data.

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AUDIENCE MEMBER: 2006? \$67 million.

PROFESSOR SACHS: Yep.

AUDIENCE MEMBER: But it got me to thinking, you know, having watched TV lately especially CNN or any Democratic debates we see that the coal industry and their allies among the utility companies are spending far more than \$67 million on advertising to promote the image of clean coal however ambiguously defined that is.

And so I'm wondering, does this suggest that the coal industry and many utility companies are really much more interested in getting good public relations around the status quo rather than actually trying to deliver on this yet unproven technological solution?

PROFESSOR SACHS: It's I think a very important point. In my opinion, you know this is purely a guess but why was this issue so allergic to the Bush Administration? My guess is, don't touch it, we've got to win West Virginia again in 2004. There's nothing in it for us to take this on.

And so I think this was Carl Rove on his January 21' 2001 memo that said forget it. It's off the table. Do that. Get past the next election maybe give a speech in your last few months. But it's a mistake because with the 22 coal producing states you can turn this around and ask the question, let's make a technology that works for you and works for the world. And now, I called a meeting a few weeks ago at the Earth Institute on carbon capture and sequestration. It was quite fascinating because we advertised for about six weeks, just all of the companies involved had people come from all over the world. Why?

Incredible hunger to get something done. Everyone had a sob story. They said we had the state wanting to co-finance but the regulatory issues, liability issues, geological issues. We can't we solve this on our own. We can't move. It's actually against the law to sequester carbon dioxide right now because of liability. And you know, what if the coal moves into someone else's aquifer and so forth, you

need a framework. These things don't happen on their own. You can't just stick anything down in the ground that you want. You need EPA to approve it or whatever other regulatory environment.

So the main message was everything is completely tied up in knots. We've got one saying we got promising post-combustion technology. We've got this one, we need some - it's much more expensive, of course, these early models. It's going to be another half billion dollars to try it.

You want to do an IGCC plant, you need the pipelines, you know it's heavy duty stuff to do this. But it actually is the only thing we've got right now that suggests how you actually use fossil fuel which is still the core of the world economy.

So you can't do technological change. Well first there is no price on carbon dioxide so there's no way you could do this anyway right now, even aside from that. But even if you had a price on carbon dioxide, you cannot do this except in a context of a national policy to try this; legal arraignments,

liability questions, geology questions, monitoring questions and so on. And that's what the companies are saying, "we're ready, we want to try things, we'll put in some of our capital. We want, of course, co-financing which is how early stage, crucial, transformative technologies need to get started."

And I think in the coal states, we had Governor Schweitzer and others flocking to this issue. The politics is quite good with a bit of imagination. You can put together the coalition you're talking about. Of course, you depend on some public education that it's not going to blow up in your backyard. That we need to try this, why is it so important for our future and so forth. And this is another kind of technology that if it's not done properly will end up like nuclear, which is an important technology where we haven't built a plant in 29 years and may never again because we lost the public confidence.

DR. SHARP: By the way this has accelerated at a very rapid pace, the policy on this. Jeff's right, I mean Congress is ready much more to act and

the coal interests and the environmentalists are coming together. Getting money for CCS (Carbon Capture and Storage) will frankly be one of the easier propositions.

The Lieberman-Warner Bill has a grant, major credits as an incentive. It's not going to become law this year, but everybody's focused on how to accelerate this. It has to be well managed and the MIT co-report, if you want to take a look at that, talks about a path forward in terms of getting our scientific work done in terms of demonstrating it. It's been a very small thing so far as Jeff says.

But suddenly this thing is going to accelerate. Whether it can happen in time, my own view is I want to make sure we're doing a hell of a lot of others things as well.

PROFESSOR SACHS: Absolutely.

MR. DAVIS: Back there.

MS. RICHARD: Hi, Anne Richard,
International Rescue Committee.

Thanks very much for the whole panel. It's

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been a very interesting conversation, but of course, you're speaking to a fairly sympathetic audience I think. I don't know what, whether it was Lael's or some other email list, but you know there are a lot of the usual suspects in the room.

So let me ask Professor Sachs and this is very mindful of Phil Sharp's reminder that we think of other sectors, like business, you know, thinking broadly of different actors. If you could get four, five, six people to read your book and wake up completely convinced the next morning that they agreed with everything you were saying, who would those people be?

You know, if it was an ideal world and they read your book and they said you know what? I'm devoting the rest of my life, term of office, whatever to this.

I assume one would be the next President of the United States.

PROFESSOR SACHS: The gentleman sitting near you. Bill Easterly. If we could make an agreement

around these things I'd be in -

MR. DAVIS: That's too hard.

PROFESSOR SACHS: I'd be very happy.

Because I think what we really need to do is build some kind of broader agreement about what are the boundary conditions we face? What are the challenges? How to move forward? And help to understand that there are solutions. I think we're really just up against big barriers right now that is leading to a spiral of anxiety and anxiety is the biggest enemy of all this.

We're going to face a serious recession. We're facing increasing competition from China so we're going to hunker down there. The Middle East is going to get more tense and so forth and that's the risk that I feel is the biggest risk is just the anxiety levels. It's not as if the world's going to go on happily right now. It isn't. And that's the problem.

Things will get tense and they're getting potentially more and more tense and we've become, at a

national level, you know, if you look at the budget we're kind of all military all of the time right now. That's the path we took. We made a real decision or this Administration made a real decision and I think that that's the most dangerous part of this. The amounts we're spending, about \$700 billion on the military, could actually if properly invested some pieces of that could make a huge difference so for me the big question is can we find enough of a consensus to say we need an approach which is not fear and military related.

I don't really think Hillary's ad yesterday of Osama and Pearl Harbor really gets to the core of our challenges. I really don't. But that's what they grasp at and it's perhaps graspable. I don't know, we'll see. And when McCain says "the transcendent challenge of our time is Islamic extremism," to me that is really the central point that I think is the mistake right now. If we define this transcendent challenge as an oppositional challenge, whether it's to Islamic extremists of all the things frankly, or to

China or to something else if it's oppositioned we're not going to get out of this.

And I believe there are going to be enough bumps going forward. By the way, do you know what a big bump could be? Really a big bump right now, we haven't had it but if we go through a serious El Niño which you know comes every few years, the consequences for the global food supply when we're down to no reserves right now. Tremendous climate stress, hugely high prices will be like we haven't seen because that was '72 and '74 and it was also the - it was '97 and '98. Huge shocks that came climatically intersecting with financial crises. And so to me we're just skirting on the edge right now. It's getting pretty painful and we could have a pretty deep recession and a lot of enemies that we'll concoct in the process.

And so what I think what we need is some kind of shared, broader understanding so that we don't tie ourselves up in knots or tie ourselves up in conflict.

DR. BRAINARD: I just wanted to say one

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additional thing because this was in Jeff's but we haven't talked about it here. I do think part of the reason for optimism that you see in his book and part of the reason I think all of us should be somewhat optimistic is because the voice of the private sector and civil society is louder than ever before and things change. I mean if you think about debt relief, I mean debt relief just never would have happened without the internet, without very strong advocacy organizations, without this funny alliance between Bono and the Pope.

Looking back, you know we're all going to regret I think for all time the last seven wasted years in the United States on climate. Nonetheless, I think 2006 will be studied for many years to come as a political tipping point. What happened to completely change the debate in this country on climate? Where you had American corporations out ahead of the President saying we need to finally take this thing on and take it on seriously.

So I think for a variety of reasons, the

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power of philanthropy which Homi has been doing some work on is stronger than it's been before, activism on the part of the public, galvanized by social networks and celebrities. You really can change minds and change politics in a way that I don't think you would have seen even 50 years ago.

DR. SHARP: Yeah, I'd just like to second that and the goal, when I talked about that \$22 trillion is not that I expect the private sector to get that reinvested in ways we wanted but through policy if we can get that done. But there aren't as you, I'm sure appreciate, there aren't six people who have the power to make things happen. There are some that have a great deal more influence than others of us, but the fact is it is precisely because of this organizing proposition which is spreading around the world in very good ways.

And it's one of the values from the internet. It's not just for pornography after all, it's also for other things and so you know we don't know the full impacts and possibilities of this, but

we are undergoing tremendous possibilities of change. Some of them very ugly potentially as Jeff has said, but I still have some faith that we actually learned something from these experiences and we decide, whoa, we can't do it that way. We've got to try another one. And it doesn't hurt from time to time to sweep out the political leadership and try again.

MS. EZEKWESILI: Speaking on leadership, I think that what we're going to see more and more is that leadership doesn't have to come from a particular place.

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PROFESSOR SACHS: That's right.

MS. EZEKWESILI: Leadership of the world that we live in today, it could just come from anywhere. Whenever there is a leadership vacuum, the world can look up to any part of the world, any sector, any community to provide in that leadership and clearly what we'll see is that collegial leadership is the business of innovative and collaborative solutions. And more of that is going to be what the world needs for us to be able to tackle

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the great challenges that we face.

When you talked about the Pope and Bono, you have to remember Jeff. When Jeff began to also scream about the need for debt reduction in a number of the countries.

DR. BRAINARD: That's right.

MS. EZEKWESILI: Many people thought has he gone crazy with his economics? But his economics did add up because clearly part of what we see as they breed in space, the fiscal space, that a number of the countries that I just told you have been growing recently, it was the fiscal space that was provided by the debt reduction and the fact that many of these countries are saying we don't want to repeat the mistakes that got us where we were before.

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So there are lessons that are being learned and so leadership is going to be an integrated kind of leadership that flows in all kinds of directions with all of its intricacies but a common shared platform of value that these basic humanity that we all share is an important humanity that is worth preserving.

MR. DAVIS: Okay. One more. Back there.

Last question.

MR. WORTHINGTON: Hi. Sam Worthington with InterAction. A little piece of civil society and I'm not sure we could solve these problems, but a fascinating panel.

You've mapped out a world that is fundamentally different than one that we had approached simply through a security framework or this is a little bit of moral helping for development. It makes the case that in essence sustainable development is something inherently in the national interest of the American people. So the question is really how do you make that case to the American people that the way we relate to the world is ultimately in their national interest?

And then being part of civil society and the tens of billions of dollars that flow, I listened to all the points that you made Jeff, there is some aspect of a civil society trying to support movement on one of those ten points. What is a more effective

way for civil society to engage beyond simply being viewed as peripheral to broad policymaking, economic flows, or the private sector so that we could actually make some significant difference in the areas you listed? Pick perhaps the MDGs or the last two you mentioned. But this does, I believe create a reframing of how we see these problems from the perspective of the American people.

PROFESSOR SACHS: Again, I think we can make these issues bread and butter issues because they are. The book is not written particularly in a moral tone or it's not a sermon. It's actually trying to explain what are the physical processes and the constraints and strains that we face in the world. Why? And what are low cost ways to address them.

And I think that's an important approach actually. At least it works for me because if we put all of this on shaking hands and shaking fists and demanding moral allegiance to someone's moral code, we'll end up spending all the time on debating whose moral code rather than what is of much more important

point which is that this is actually something that is in true interest not only of our generation for the future, but our generation for ourselves. And I think it's quite important and you know a \$117 barrel of oil helps to explain that.

An honest appraisal of why we put the Middle East, Iraq, and Iran at such a central point of our public policy and it has been since Ford and Carter as core military doctrine and for understandable reasons but we ought to reflect on that and understand what that means and I think help people to understand that as well.

The idea that we're only 4.7 percent of the world's population and that the real growth in the world economy is going to come elsewhere in the aggregate sense so we need to be able to compete elsewhere. And we need to be able to be elsewhere cooperatively for our own economic wellbeing that it won't do to hunker down because we're actually too small. We're not the colossus that the Neocon said, we're actually a part where we've got our power and

our wealth and so forth but we're a part of the world and a shrinking part of the world as in a relative proportion.

So it seems to me that these are issues that one can discuss as grown ups in any part of this country and in a sensible way. I think it is not an accident that, what is it? Eighty percent of the country says we're on the wrong track right now. They're actually looking for another track that makes sense. People are nervous about so many things and helping to see some practicality is important. I like very much one of John Kennedy's lines which he says, by defining our goals more clearly by making them seem more manageable and less remote we help all peoples to see them, to take hope from them and to move irresistibly toward them.

And so the idea that you define goals clearly, you spell out steps, you explain what can be done in my view is what good leadership could be right now. And this brings me to the second part of your question, which is how to be effective. What I would

like and I don't think it's a parochial point of view, I chose this point of view for the reason that I'm about to say. The Millennium Development Goals for me are an organizing principle. They're not perfect by any means in the way they're stated or anything else. But having clear goals allows people to take hope from them and to move irresistibly toward them.

And one of the things that civil society could do is to focus and have a shared understanding of what's important. And repeat those things to help teach because teaching and conveying information and exchanging in ideas is crucial in this. Not just campaigning, but actually having a public discussion where there's understanding.

I always recoil... they told me for years the one campaign and others, we don't want to touch the Millennium Development Goals, you do a focus group on them. People don't like the sound, the words. They don't know what they are. Yeah, of course, they don't know what they are. No one talks about them.

So the advantage is they're clear. They're

stated. They have a time commitment. Reducing child mortality by two-thirds is absolutely feasible. One can layout a critical pathway for how that can be done, quite precisely actually. *Lancet* has done it in a series of articles among others. UNICEF got measles deaths down by 91 percent, just as an example in Africa. So my view is to define the goals more clearly, define the pathways, have a public consensus on what's important, build something of a public consensus on what counts, define the difference of symptom and core solution, explain better and honestly why people are unhappy. I've yet to meet a person in the world or to be in a country that is sitting around hating us for our freedom.

And I mean that quite seriously. You know, we were put in a direction, we were told something important by our national leader that was absolutely wrong. So diagnostics matter a lot for human life and that was a diagnostic. It was meant as a serious diagnostic. It's absolutely incorrect, that is not the challenge we face, people hating us for our

freedom.

So we need to lay out what are the challenges we do face. What are the goals we're committed to achieving? I'd like to see the Millennium Development Goals in the Inaugural Address. That's a commitment for this next Administration; it will be the life of these eight years, perhaps of the next Administration whether these globally agreed goals are acted upon or not. And to me that's what we need to do and what I would hope that civil society does and what InterAction can help to lead.

You look at any website right now of all your organizations. They're all over the place. There is no shared goal except to do good and development. Which is fine, but it's not the kind of help in a very complicated environment where the world has actually taken on some goals. We took on a goal of stabilizing greenhouse gases to avoid dangerous anthropogenic interference. It's important for American people to know that's our goal.

We actually agreed to that already. We

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agreed to the Millennium Development Goals. We agreed to combat the loss of biodiversity, people don't know this. Editors are amazed when I tell them this and then show the various things that we've agreed to, that are our treaty law even. And to me this is a very important point.

Define the goals more clearly help people to understand them and to draw hope from them and then to move irresistibly toward them. It would be nice to achieve some goals.

MR. DAVIS: Okay. Thanks very, very much.

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