

THE BROOKINGS INSTITUTION

SHIFTING BALANCE OF POWER:
HAS THE U.S. BECOME THE LARGEST MINORITY SHAREHOLDER IN THE GLOBAL
ORDER?

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P R O C E E D I N G S

MR. INDYK: Good afternoon, everybody. Welcome to Brookings. I'm Martin Indyk, the director of the Foreign Policy program at Brookings.

I'm delighted to have the opportunity today to introduce to you and through you the policymaking community in Washington and beyond a new collaborative partnership between the Brookings Institution and *Foreign Policy* magazine, or in its new iteration, foreignpolicy.com. This partnership, which is called Deep Dive, is one which is intended to combine the in-depth study that Brookings is focused on with the in-the-moment conversation of *Foreign Policy's* team of journalists. Each month at Brookings the plan is that an expert will -- a Brookings expert will analyze a different issue related to the emerging global order and that study will be published in *Foreign Policy* magazine and on the foreignpolicy.com website. This series of exclusive in-depth policy papers will provide an opportunity to discuss the issues that affect the emerging global order in a new way for Brookings and a new way for foreignpolicy.com.

Today we are going to discuss the first paper but I'll come back to that in a moment. I want to introduce you first of all to the people up here on the panel. First of all, Susan Glasser, the editor of foreignpolicy.com. Susan comes from the *Washington Post* where she was a long-time foreign correspondent and editor. Prior to that she worked at *Roll Call* for eight years. Susan has in many ways transferred -- transformed foreign policy using the communication techniques afforded by the Internet. And so we're very happy to have the opportunity to partner with her and foreignpolicy.com.

Colin Bradford here is a non-resident senior fellow of the Brookings Institution and of the Center for International Governance Innovation in Waterloo,

Canada. He's director of the Brookings CIGI Global Governance Reform Project in the Global Economy and Development program, the sister program to the Foreign Policy program here at Brookings. His last book, edited with Johannes Linn, another senior fellow in Global, is called *Global Governance Reform: Breaking the Stalemate*.

Colin has joined us this afternoon to be a discussant for the paper that Bruce Jones has written as the first in this Foreign Policy-Brookings collaboration. Bruce is the director of our Managing Global Order project in the Foreign Policy program at Brookings. He's a senior fellow here and he's also director of the Center on International Cooperation at New York University. He is a senior external advisor to the World Bank's World Development Report 2011 on conflict, security, and development. And last year he was appointed by U.N. Secretary General Ban Ki-moon as a member of the Senior Advisory Group to guide the review of international civilian capacities. His most recent book he co-authored with Carlos Pasqual, the former vice president of the Foreign Policy program at Brookings and Stephen Steadman called *Power and Responsibility: Building International Order in an Era of Transnational Threats*. Well, the paper that he's written for foreignpolicy.com and which is now up on their website is this one which we've also published in hard copy and I think you can get copies outside. It's called *Largest Minority Shareholder in the Global Order, LLC: The Changing Balance of Influence and U.S. Strategy*.

So Susan is going to moderate and I'll hand it over to you.

MS. GLASSER: Well, thank you so much, Martin, first of all for that very kind introduction. I just want to say first of all that it's really a thrill for everyone at Foreign

Policy to be embarking on this new partnership. And you've been very modest and not introduced yourself in this group but I think, you know, to add your not only engagement with the Middle East but these broader questions in a real world way, we're very lucky to be having this conversation right now about what sort of the new world order is going to look like at a moment of such upheaval and transition. So I think the timing couldn't be more relevant and auspicious for us to launch this new collaboration.

Just a couple of quick words about what we're trying to do with the project. Not only do you see the event before you today and this paper which Bruce has produced and which we're going to talk about, but the idea is really to have a continuing conversation with you, the audience here and the audience online throughout the month about this. And that's part of the Deep Dive aspect of it. Not only do we have the deep thinking and writing that goes into producing a longer paper but we're very committed to and engaged with bringing lots of other voices into these questions about how to construction a new world order, new international institutions and mechanisms, new ways of thinking about power in this age of transition.

You'll see on the website we've created a special section at foreignpolicy.com that's dedicated to this already. We have -- in addition to Bruce's paper we have, I think, something like seven or eight other articles from really global players in this set of debates that we're hoping to bring you their viewpoints. Not surprisingly there's lots of -- lots of issues to be debated. Lots of, you know, points on which we can dive deeper. For example, President Obama will be headed to Latin America later this week. He'll be stopping in Brazil, which is very, very ardently pressing

the president to endorse Brazil's bid for seat on the U.N. Security Council as President Obama, you may recall, just did for India. We have the longtime foreign minister of Brazil making the case, basically laying down a marker and saying the president better not come here unless he's prepared to endorse us. At the same time we have on the site the former foreign minister of Mexico saying, wait a minute. Actually, Brazil and the others aren't ready for prime time yet. They don't deserve a seat on the U.N. Security Council yet.

So I think that gives us a flavor for the kind of debate that we want to have with real world global policymakers and decision makers, as well as our audience of readers and commenters about these issues. And what better way to start than with a big picture framing. And we'll hear from Bruce actually a little bit about this because I think in many ways this conversation is going to be very relevant to all of the months that we'll be discussing. You know, whether it's trade next month or other issues, right now we're talking about a big picture framing and I know that's some of the work that you're doing here at Brookings this year is to try to crystallize across a wide variety of subjects what the next stage of the international order looks like. So I think we're excited to be partners in that venture and to really sort of swarm around these conversations in as many ways as possible and in the way that the new digital era of media allows us all to do.

So please, by all means, we're looking forward to your questions to, and I hope you'll give us lots of subjects in those questions for future pieces in this edition of Deep Dive. But I'd love to start right now, just kick off the conversation to Bruce. We

were talking beforehand. The title of his paper sort of in many ways is what you said, it's a Rorschach Test. The *Largest Minority Shareholder in Global Order, LLC*.

First of all, how did you come up with this notion of what this new role for the United States is going to be? And what's the response that you've gotten to it?

MR. JONES: Well, as I said to you before, it has been a Rorschach Test in the sense that as the paper was circulated I found that some people hone in on the word minority and say, oh, look, you're an American declinist. And some people hone in on the word large and say, oh, you're just, you know, you're neglecting the fact of the rising powers and you haven't noticed we're not still the largest anymore. A lot of what I'm trying to do is talk about the duality of the situation we're in.

I'm going to start someplace slightly different and I'm sorry to invoke a competitor but I'm going to make fun of them so it's okay. This is the front page of Time magazine this week. Right? And I think this poster is an accurate characterization of the nature of the debate, but a fundamental mischaracterization of the nature of the situation that we're in. And the debate says either Fareed Zakaria, yes, we're in a decline or, no, we're still number one. And there's this kind of debate going back and forth in academic circles and policy circles about whether we're in decline or whether we're number one. And I think it's a fundamental mischaracterization of what's going on.

The more complex, but the empirically evident reality is in two parts. There are actors on the international stage that have resources and capabilities and diplomatic influence that is substantially greater than that that they had five, 10, 15 years ago. And in a whole host of ways that constrains our influence, constrains our power,

means that we're engaged in international politics in a much more complex domain.

That's one empirically evident reality.

The other empirically evident reality is we are still by far and away the largest and most influential actor within that stage. So the idea that there's a relative shift in the balance of power is not in opposition to the idea that we're still the largest and most influential actor within the order. Those are two realities of the present moment we're in. And I think we need to shift away from what's a kind of artificial debate about relative decline -- are we up or are we down -- to a more concrete discussion about what does it mean for us and what does it mean for the international system. And this paper is an attempt to do that. It starts by attempting to frame this duality with this analogy to the role of a largest minority shareholder. And then it goes deeper. On the analogy, I was simply trying to come up with a phrase or a concept that explained or captured the essence of this duality across a whole host of issuers.

Now, it's of course the case that there are some issues and some aspects of power where we are still overwhelmingly dominant -- air power, naval power. If we want to, you know, if we want to take out Libyan air defense we don't have to check with anybody or ask anybody or have anybody help us. We can just do that. But it's a very narrow slice of issues where we have predominant power. And a whole host of other issues with these other actors on the international stage. We're in a position where to get the outcomes that we want to achieve we have to bring others with us. And it can be a quite wide range of actors that we bring along.

I was trying to think about analogies. And if you think about the role of a

largest minority shareholder, right, if you were the majority shareholder in a corporate board and you have 51 or 55 percent of the vote, you just get what you want. You want to fire the president? You fire the president. You want to change the rules? You change the rules. That's dominance.

Now, in truth in these debates we talk about dominance during the post-global period. We never had dominance the way that dominance theorists would have liked us to have had dominance. We never really had that kind of dominance, but we were awfully close to it in some issue areas and in some spaces. Now we're in a mode, if you think about the largest minority shareholder in a corporation, they're still enormously influential. But to get 51 percent of the vote on any issue they have to get, you know, 10 percent or 4 percent or 2 percent of somebody else's vote to get done what they want to get done. So on every issue you have to find a few allies to get over that 51 percent hump.

But again, to the duality, you're still the largest minority shareholder. Think about a board. Is the small minority shareholder going to diss the largest minority shareholder? Are you going to ignore them? Are you going to not be concerned by them? Well, no. You're going to have quite an important focus on what is the strategy and what are the interests of the largest minority shareholder. They have more capability than anybody else to get things done. They can pull together a much wider set of coalitions to act. We can act with Europe on some issue areas. We can act with India on other issue areas. We can act with China on other issue areas. Everybody else has to be able to relate to us. We have huge choices in who we relate to. So it's a simple

analogy to try to get a sense of the texture of international politics right now, and this necessity of working with others to get things done but an enormous flexibility in choice into how we do it. That's a metaphor.

Let me just take a couple of minutes to go a little bit deeper, sort of open up the hood on what's going on underneath this. And I think the issues here the paper spends a certain amount of time on. I won't bore you with this. It spends a certain amount of time on packing some of the features of globalization that I think underlay that shift in the power dynamics. And I look at the shifts in globalization, the interests of the emerging powers and their strategies, and I reached the following three main conclusions.

The first is that to really understand what's going on and its implications we have to get away from a discussion about global power metrics. Fine, we have globally dominant military power. Fine, the bricks are roughly the same size now as the OECD. Well, that's an abstraction of global data. It doesn't mean anything in real terms. In real terms you have to look at the question maybe in some narrow financial issues, but in broad terms to understand international politics, international economic diplomacy, power happens in specific countries and in specific regions. So if you get down to a regional level and you ask questions about China's economic and political and diplomatic influence in Southeast Asia, about Brazil's political and economic influence in Latin America, about India's influence in West Asia, South Africa's interest in Southern Africa, they have much greater influence in their own regions than a global metric would suggest. So when American power lands in a specific place it encounters a much more

influential actor in that region than the global metrics would suggest. That's the first point.

The second point is that I think the emerging powers are profiting from a shadow of the future function. What I mean by that is if you're a decision maker or an elite in Tehran or Singapore or Abu Dhabi, in Berlin, you're making calculations about your economic investments, your political investments, your military strategies, not on the basis of today's balance of power but on your estimate of where we are 5, 10, 15 years from now. You're worried about who can punish you 5 years down the road, 10 years down the road. Who can protect you 5 years down the road, 10 years down the road? And if you calculate 10, 15 years down the road, China and the emerging powers loom much larger than they do right now. But it's already the case that elites making decisions about foreign policy and economic strategy are factoring in their assessment that the West is in a kind of slow pattern of relative decline and the arising powers in a rapid pattern of economic growth. And so they're already factoring in that calculation to their decision-making and this shadow of the future I think tilts the balance of influence a little further to the emerging powers.

The third point to make is that, again, these are still slightly at the level of abstractions until we get down to the question of what are the interests of the emerging powers and what are their strategies. And the paper goes into this in some length. The big picture points: Are the emerging powers attempting to challenge the existing international order? Clearly, no. Clearly they profit from the existing international order. It's what fueled their growth. It's what fuels their rise. They are defenders of the

international order in the broad sense. But they are clearly competing for space and interests and influence and status within that order. I think the essential point to notice there is they're not just competing with us; they're also competing with one another. And it's in this competition that I think quite a lot of space of U.S. diplomacy is going to occur as the emerging powers balance one another, occasionally band together to block us, but very rarely. And for the most part are involved in a bargaining process with us and one another about the influence in the space that they have within this evolving order. And I think that has a lot to do with where American strategy is going to land.

Just to sum up on a few points. What this means to me is that the big risk, if you're the United States, is not the rise of a peer competitor. All right? A sort of classic realist theory. What we'd be worried about now is the military rise of China. I don't think that's where the big risk is. And I don't think that the big risk is at a values divide between us and the liberal powers. So there's a certain sort of strain of commentary that argues we're not going to be able to cooperate with the rising powers because of the liberal values of Russia and China. When I look into the strategies and the interests of the emerging powers and the major powers I find at least as many instances where the big divide is between us and Europe as between us and Russia. There are lots of instances where we see, certainly in the G-20, for example, is us, the Chinese, and the Indians banding together against the U.K., Germany, and Australia, for example. Or us and Brazil against China. Or us and China against, you know.

Look at human rights issues. There we see a closer link between the United States and the West but not a deep one. On many issues we have divides on

counterterrorism or counterpiracy, human rights divides between ourselves and the Europeans. It's a much more fractious situation than the kind of values debate argument would allow.

The big risk, I think, is that the complexity of the current situation and the uncertainty in the current situation are making it extremely difficult to organize effective cooperation and to regulate competition. And I think what we risk is simply the erosion of patterns of cooperation and of competition sort of getting out of control and sort of tilting into conflict where it need not. And that the systems are simply too difficult to manage. That's the risk.

I'm an optimist by nature. That's why I run a project called Managing Global Order, although somebody said to me the other day it's clear you're not doing a very good job. (Laughter) But I think we have to invest heavily in the strategies to shape that order, understand the interests of the emerging powers, understand their strategies, and put energy into shaping the structures of cooperation, the tools for regulating or bounding competition. We have to be realistic that there will be crisis and we have to invest in crisis management. And I think we shouldn't allow -- we should have fierce debates over human rights but not allow them to turn into firm divides. We can't allow ourselves to get into a situation where human rights debates stop us from cooperating on a whole host of other issues where we have shared interests.

The bit picture point, we live in a situation of this dual reality. We're still the largest, most influential actor, but it is a more complex situation where our relative power is shifting and we have to begin to grapple with that dual reality and understand in

concrete terms what it means for our interests, for our leadership roles, and for the international system.

MS. GLASSER: Thank you so much. I think we're going to have to circle back to really pin you down on this decline as an issue and where you actually fall down.

I'm glad you surface what's clear from reading your paper and from listening to you, that you clearly are an optimist at heart because the real assumption that's embedded in the paper that we can talk about later is the assumption actually that there is a global order as such and that there will be one around to maintain for years to come. So we can circle back to that and talk a little bit later about, you know, is that an assumption actually that's built into this and if so, do we all agree with that assumption?

Colin, what do you think in terms of Bruce's assumptions? Has he -- is he too optimistic when it comes to where the global order is at right now and what the American role is going to be in it for years to come?

MR. BRADFORD: No. I know there are some who would like me to disagree with Bruce and it would make a livelier discussion this afternoon but in many respects I totally agree with him. And what I thought I'd do with the few minutes that I have is I've been working for the last eight years actually promoting the idea that the G-20 was a better grouping for the APEC Summit than the G-8. And I've been working since to see if the G-20 can succeed, which is by no means a foregone conclusion. So what I thought I would do is to sort of give you a view of why I think the current circumstance that Bruce describes is really a fundamentally new era from a G-20

perspective since that's what I've been engaged in.

So the first thing I would say is I've got about 10 points and I'll try to reel them off in 10 minutes or less. So the first point I would do is accept Bruce's notion of complexity that he mentioned at the end. I mean, this is a very different era and one in which dichotomous thinking doesn't really work. Trying to characterize the G-20 summits, for example, as successes only if they achieve tangible evidence of cooperation at every given moment rather than reveal competition. To classify the G-20 summits as successful only if they achieve consensus rather than conflict and move towards order rather than disorder I think is to misunderstand the complexity of the world which, of course, embodies not only those three dyads if you like but the cross currents between them. I mean, the fact is that you have order and disorder going on at the same time. You have conflict and cooperation going on at the same time and competition and conflict and consensus going on at the same time.

So, and to try to -- there's been a lot of journalistic effort to classify -- there was -- Gideon Rachman was here from the Financial Times with Fiona Hill earlier this year. He has written a book called *Zero Sum Gain: Characterizing the International System*. He had written it just before the Seoul summit an op-ed piece in the FT in which he elucidated seven pillars of tension, all of which I thought characterized the world very well. But then he concluded, because of this the G-20 reveals itself to be increasingly divided, ineffectual, and illegitimate. And it seemed to me that there's no reason to conclude failure just because the G-20 reveals a landscape and a dynamic in the 21st century global disorder order. That, in fact, you are just -- the G-20 is flushing those

issues up not only for leaders to deal with but for publics to deal with. And unlike the G-8, I think the G-20 is creating stronger linkages between leaders and publics because of the fact that the conflicts are occurring rather than in spite of them. So that's the first thing.

The second is that the G-20 by comparison to the G-8 is a diverse group. The world, if you haven't noticed, is also very diverse. So, and this diversity is a key driver of the current circumstance and it is a nontrivial one because it goes in the face of the 20th century assertion that western civilization was basically a universal construction that sooner or later, as globalization occurred, the rest of the world would conform to. And it's evident, it's absolutely clear. In some ways I would argue, and the G-20 reveals this, too, although it's not the only place where it happens, is that in the 21st century, in the current moment, east is meeting west for the first time in a really Deep Dive sort of way if I can put it that way because our societies are meeting each other, our cultures are meeting each other, our media is meeting each other. And we're becoming aware that it's just fundamentally clear of the great differences at the same time that we're beginning to see some common interests. But it's just not the case that the east, for example, is going to become like the West. We are going to have to meet somewhere in between. So that's the second proposition, is to accept difference and respect it rather than try to ignore it or overcome it.

We have to accept pushback. I mean, Brazil is, you know, has taken a position on Iran that the United States government certainly wouldn't want to take and many of us would probably disagree with, but I think you've got to expect as rising powers rise, they're going to assert an independent and different point of view. And just

get used to it is sort of my recommendation. And not take it as necessarily that the message is meant for the United States. The message, by the way, may be meant for Iran or for Brazil's own public.

So create space. Fourth, create space for the rising powers. And here I think the G-20 is evidence of giving space, especially as compared to the G-8. And the recent IMF reforms and structure, they have not gone far enough in my view but still are going in the direction that creates more space for the rising powers. What would help to create more space in my view would be to eliminate the G-8 because I think we have evidence, clear evidence that leading thinkers and government officials in India and China at least view the G-20 as a potential stalking horse for the G-8. And as long as the G-8 exists and as long as it continues to meet before the G-20 meets, that suspicion is hard to quell entirely. So if the West really understood what's at stake here I think we would disband the G-8 and deal with the 20 countries in the 20 and nowhere else. I mean, not anywhere else. You would certainly agree everywhere else actually and confront each other everywhere, in all the international institutions, which is why it's important for the G-20 to meet because these powers are so important in those -- in every circumstance.

Fifth, I would encourage assertiveness. In this sense I just -- cryptically I can signal to you what I mean by this is Professor Thomas Christianson has an article in the Foreign Affairs about why China's assertiveness may be in the United States' interest. And I can't go into the argument but I submit to you that it's -- that the basic notion here is that having strong, assertive partners that are clear about their

perspectives and their interests is actually a benefit. And again, it's sort of a flip of the mind that says the fact that policy conflict service may in fact help us manage them. Another aspect of this is within the G-20 to encourage some of the more passive powers be more assertive. And here I have in mind India, especially. Having talked to some leading officials and thinkers in India, it's clear to me that they're making a calculation about whether the G-20 is for real or not, whether they can trust the behavior of the West within it, and whether it may be a charade not only for the G-8 but for the G-2 in which case China's roll with the United States could preempt their own -- some of their own interests.

So I think one -- my answer to my Indian colleagues is you seem to be hanging back. And they say, yes, we're hanging back because we're waiting to see how this is going to play out. My response to them is why don't you play it out? Why don't you put skin in the game? Why don't you be more assertive, be more ambitious about pushing your own interests in what you see is convergent interests so that the thing can work and so that it becomes precisely the opposite of what you fear that it may become, which it almost inevitably will if other countries follow their lead and hang back.

So there are some key middle powers in the G-20, a sixth point, which could step forward. And I have in mind here especially Canada that has always played a multilateralist role in my adult lifetime. Australia, that plays a tremendously multilateralist role in the Fund in the bank, for example, and elsewhere around the world. And if you watched as we did close up, because Brookings, we had a project with the Korean Presidential G-20 Committee this year, if you watched the way the Koreans tried to

manage the Seoul G-20 summit, you would have respected them for the role that they tried to play in relation to everyone. And not only the G-20 members and not only the G-20 emerging market members, but industrial countries, than nonmembers as well. They had a development to the agenda. So Korea, for sure. And I would mention Chile, the Nordics, the Netherlands, Spain, who is actually the 21st member of the G-20, which it actually shouldn't be but nevertheless there it is, whether in or out, countries can play -- medium-sized countries can play roles.

Seventh, I would say anticipate spillovers. There's a whole mechanism sitting within the G-20 now for managing global imbalances called the mutual adjustment process. Mutual assessment process in which they're trying to -- the IMF is charged with doing work to judge when national policy strategies in G-20 countries generate disruptive spillover effects on the rest of the world. This is something that we have to anticipate and I would give you the example of what I mean by saying the quantitative easing policy of the Federal Reserve as a necessary policy. The Fed, as it always does, thought about it largely in domestic terms, which was a mistake, and the timing of the Fed decision ignored completely the fact that a G-20 summit was happening the next week. So the major conflicts that occurred on the currency warfront just before the Seoul summit were fed by the Federal Reserve, taking a decision on quantitative easing which looked to the Chinese as if you're deliberately depreciating the dollar when we had been accusing, of course, the Chinese of letting their dollar be too strong.

So, you know, you've just, the Fed, I'm told that Paul Volcker says in retrospect that when he switched monetary policy in the end of the 1970s, early '80s from

an interest rate target to a money supply target which helped against the Reagan fiscal deficit's drive interest rates through the roof, caused the Latin American debt crisis, that he never gave a single thought to the international spillover effects of taking that domestic policy decision, whether true or not. And I'm not accusing him of doing so because I'm not sure but it nonetheless illustrates what could be true and which often is true and certainly was true in the quantitative easing case, which is to make a domestic policy decision without regard to the timing and the international effects of it is bogus and precisely the G-20 is meant to sensitize governments about precisely that nexus between their domestic policy and their -- and the international consequences.

So I very much agree with Bruce's point that what this context of plurality of countries who have influence and exert power in the international system today is actually in some ways from a U.S. point of view a welcomed dimension. Because we are not living anymore in a bipolar era where we are locked into this ridiculous relationship we were for so long with the Soviet Union. Or where -- and we don't want to sort of go from there to another relationship with another major power like China to do the same sort of thing. What we have instead as Bruce has explained and which I've encouraged some thinking about is you have shifting coalitions of consensus depending on what the issue is.

And you don't want to see the world retreat into blocks and fixed alliances. This fluid, chaotic, plurality, multipolar context is one in which the U.S. still have maneuvering room precisely for the reasons that we're still a leader in so many domains and we just need to play the game. And we need to play it in an overt and open

way which can tolerate difference, policy conflict, welcome them, absorb them, and replay the policy conflicts we've been subjected to back to the -- to our partners and say, okay, I hear you and here's how I now think about this problem in which we try to incorporate the views of others in our own policy. We are not doomed or destined to become less of an influential power than we are and have been in global history. We just need to play the game differently. Thank you.

MS. GLASSER: Thank you so much. That's really, I think, a terrific, you know, there's about 15 different events I can think of, you know, embedded in some of those things. And I especially like your notion that, you know, disagreement is not fatal but it might actually be the advantage of this new system. That's a different way of thinking about it. And also returning, you know, the phrase. Since when did the phrase bipolar become like a positive? Why are we nostalgic for bipolarity, right?

I thought it would be really interesting now to turn from some of the sort of big abstractions and some of the bigger picture ways of thinking about this new world order to the actual world we're living in right now. And I would just love to get, Martin, your thoughts about what's happening in the Middle East teach us about sort of where this world order or world disorder is at. You know, we've seen just in the last few days a really conflicting set of messages. Does the U.S. have a real role to play in Libya? You know, obviously the West is not unipolar when it comes to points of view on a no-fly zone, for example. We have multilateral organizations like the Arab League on the one hand endorsing a no-fly zone. Like the GCC, their Gulf Council, you know, sending in troops to Bahrain on the other hand. So tell us, help us make sense of these developments.

(Laughter) Please.

SPEAKER: In two or three minutes.

MR. INDYK: Well, looked at from the perspective that we're discussing this afternoon, the Middle East becomes a crucible --

MS. GLASSER: Yeah.

MR. INDYK: -- for this emerging global order. In the case of Libya, we've kind of been there before in the old global order, such as it was. You know, Kosovo, Rwanda. Actually, Libya is the lesser case. We don't have kind of genocidal massacres that generate a kind of humanitarian concern, but what we do have is a reluctance to intervene that is shared now by the United States along with all the others who were reluctant to intervene in previous times. And in one sense I can just imagine, I don't know this to be the case, but I can imagine President Obama saying to his advisors let's put the international community to the test here. Let's see whether they're prepared to stand up to what Khadafy is doing, whether there's a shared interest amongst the emerging players in this new global order to establish some order. What do you do about the rogues in this emerging global order? That's a fundamental question which will determine whether this is an order or whether it's just chaos.

Iran was in many ways the first test, and the fact that Russia and China, and India through its vote in the IAEA, and Brazil, although there were some technical differences as Colin refers to, but the fact that they're all prepared to come onboard for U.N. Security Council sanctions against Iran was an indication of a shared responsibility in terms of dealing with that rogue. We have a similar test in North Korea and the way in

which China kind of slowly, reluctantly, but in the end kind of comes onboard to use its influence to try to prevent conflict from emerging and perhaps eventually to work together to try to achieve some kind of nuclear disarmament of North Korea is another example of that.

So then we come to the Middle East. Now, the Middle East, in the case of Khadafy, there he is, you know, using violence against his own people. The U.N. Security Council was able to act quickly in terms of imposing sanctions. Not so quickly when it comes to the no-fly zone. But he is a pariah and the fact, as you said, that the Arab League was prepared I think for the first time in its history to actually take an action other than condemning Israel was very interesting and indicative I think that this guy is such an outlier, that he's managed to insult every member of the Arab League, that they're all in favor of giving him his justice as well. But everybody else, including the United States, is kind of hanging back and not so sure they want to get involved here. So it becomes a test. And I think eventually we'll have a no-fly zone. It will probably be too late but he'll be under international sanctions and he will be treated as outside this emerging global order.

Shift to the Gulf because I actually think that Libya is a sideshow. That the really interesting test is now in what's going on in the Gulf. Why? Because here the United States, after four decades of promoting order, stability in the Middle East, over its own values of democracy and the freedom agenda as George W. Bush called it, now finds itself caught in the most severe dilemma, which is, you know, are we on the side of the street now in Bahrain? One hundred thousand of Bahrain's citizens, one in five, are

out in the street calling for a change in the government in one form or another. Or are we on the side of the Halafas, the king? Because we now -- it's very clear that Saudi Arabia, our ally in the Gulf, is on the side of the king and has sent forces in. And before too long, maybe even tomorrow morning, we may wake up and discover that a Sunni policing force from the GCC is killing Shiites in the streets of Bahrain and Iran is coming in to defend the protestors in a highly cynical act since they have no problem using force against their own protestors.

But suddenly, the issue of freedom versus stability gets translated into potentially a sectarian conflict in the place which the world's oil reserves, the world's oil supply is coming from. I mean, it's an interesting fact and I'll just tie it up in this point that only 12 percent of our imports of oil, United States imports of oil, come from the Middle East today, but 60 percent of China's imports. And it imports 50 percent of its oil, come from the Middle East. Come from this particular area of the Gulf. And something like 70 percent of India's imports come from there.

And so in this new complex emerging order, are they going to be on the side of stability or are they going to be on the side of freedom? Well, it's a no brainer for them. They're on the side of stability. And where we come out in this is at this moment unclear. I think it's probably unclear in the White House. What the hell are we going to do now? But how we respond and how they respond to the revolution in the Arab world is going to have an impact on this value -- the value of human rights. Bruce was, I thought, a little bit cavalier in his dismissal of them, but this is going to be a critical issue in terms of what --

MS. GLASSER: And what stability?

MR. INDYK: Sorry?

MS. GLASSER: Especially because it gets to the question, what is stability? If they're on the side of stability, what we've seen in the last two months is sort of a radical reimagining of, you know, these places are stable until they're not. Right?

MR. INDYK: Correct. Correct.

MS. GLASSER: So it's very hard for them to know which side they can reliably be on in the future.

MR. INDYK: Indeed. And, you know, one of the lessons of the Egyptian and Tunisian revolution is that the Middle East is never going to be the same. That if we want stability now we're going to have to find a way to encourage the kings and the sheiks to move forward on political reform, to give greater freedom to their people. But the Chinese are not in favor of that conclusion. And I doubt that the Russian leadership is either. In fact, it was very interesting that early on in the Egyptian revolution, Chinese and Russian leadership told Mubarak, don't worry, hang in there. We've got your back. And the United States was telling our most important ally in the Arab world, go. And now don't wait. You should have left yesterday.

MS. GLASSER: So do you -- just to circle right back to our minority shareholders' analogy for a second, in a way what you're describing is a world in which not only the United States but Russia and China and India, you know, we're all minority shareholders in the Middle East and that might be, in fact, part of the problem. You know, do you see any actor that in a security sense is able to come in persuasively and

shape outcomes here? Is the U.S. playing a lesser role than it would have a decade ago, for example?

MR. INDYK: Well, first of all, the use of the word shaping events is important because, you know, as Bruce said, perhaps we don't -- we never did control events. But for sure we don't control what's happening here.

MS. GLASSER: That's right.

MR. INDYK: I mean, this is something that's coming from the people of the Arab world and we need to have a sort of humility about that. But in terms of how we protect our interests, it's not just our interests here. It's, you know, if there's an oil price shock because Saudi Arabia is destabilized, that's going to hit the global economy. That's going to have consequences well beyond our interests, let alone our control. And when it comes on top of the tsunami and nuclear meltdown in Japan, you know, this, I think, we're in the midst of this kind of multiple crisis which are going to, I think, have a profound impact on the shape of the global order in the sense that perhaps, and maybe I'm naïve here, we will come out of this with everybody else understanding that we really do have a common interest here. Whether it's in stability or whether it's in dealing with natural disasters or whether it's in clean energy or renewable energy. You know, all of these things are in play at a moment in a way that I think will have a profound impact on the shaping of the global. And it won't be done by us; it'll be done by these events.

MS. GLASSER: Bruce, how much do you think that the Middle East and the way we're talking about your framework works as a way of thinking about the future of security issues as well as economic ones? You know, we talked about -- Colin talked a

lot about the G-20, which in many ways has had its biggest successes as a meeting point for finance ministers, as an engagement on the new rules of the road for the global economy. Where does security fit into the picture as we look at some of these challenges?

MR. BRADFORD: So, you know, every now and again you get luck in these things. And how I got lucky is in the paper when I was writing it I had a section for a while which basically said -- I used the point about in each region there's one of these major powers we have to contend with. The only region where that's not true is the Middle East and we're still the dominant power of the Middle East. And I thought, nah, I'm going to skip that. (Laughter) So I got a little lucky there.

MS. GLASSER: OBE as they say.

MR. BRADFORD: I think the issue here is -- at securities firms the issue here is the United States was the guarantor of security of the Gulf oil monarchies and of other allies in the region. Right? The confidence that those actors now have in our security guarantee I think has probably been radically diminished by events in the last period of time. Their calculation of our future guarantee is clearly radically diminished. So the extent to which we have leverage over the Saudis, over the Bahrainis, over the Jordanians to shape their strategy on political reform is diminished. I think substantially diminished.

I think there are real potential scenarios where we see a range of regional competitors here. Iran, Saudi, Egypt, Turkey, Israel in a different sense, vying for influence in the region. And our votes to bring back to the shareholder aren't sufficient

to tilt that play one way or the other. They're still the heaviest votes but they're not sufficient to tilt that play. China will be playing into this. India will be playing into this. A whole host of actors will be playing into this to see how they can maximize their interests, secure their energy supplies, do a range of different things. And the regional powers will play us off against them and play them off against us and it'll be a very complex game. So I think that the Middle East is about to become much more like the rest of the world in the sense of our need to compete for influence with other actors relative to where we've been over the past two to three decades.

MR. JONES: Can I just say one thing about the human rights debate? My point is not to be, and it's true that I probably come across as cavalier on the human rights point, but what I mean by it is to say it goes to your point on Saudi. If this comes to a popular revolution in Saudi that threatens to have oil at \$250 to \$275 a barrel, we're not going to be saying go protestors. Right? We're going to be very, very, very worried about stability. And our stability concerns are going to weigh heavily again versus our human rights concerns, exactly as China's will, exactly as India's will.

So all I'm trying to say is let's not get so far out ahead in thinking we've locked in in a pro freedom, pro democracy point of view and we're not concerned about stability and these bad Russians and Chinese are only -- I'm not characterizing you but there is that sort of line in the debate. I just think it's more complex than that and our interests are in tension as well as theirs are and we need to be a little careful in how we characterize that issue.

MS. GLASSER: Sure. I mean, I think part of the problem is that we're

all struggling with what is the definition of stability at least as it pertains to the Middle East at this moment. I mean, arguably, you know, that's been, you know, what Mubarak, among many, you know, really pedaled as I think an artificial construct that we're now coming to rue the fact that we bought into that idea quite as much as we did.

But I want to circle back to Colin actually on this question of what's the -- what's the security version of international economic cooperation? Is the G-20, which you've spent all this time thinking about the proper vehicle, obviously we think about the United Nations and the Security Council and the very dim prospects for significant structural reform, you know, any time in the very near future. So where does that leave us? I mean, can the G-20 become that new vehicle?

MR. BRADFORD: Well, that remains to be seen whether the individual countries want it to be so or not. I mean, at the moment I think we have kind of a fluid context where you're -- it depends on the issue. You know, you have a 47 nation summit on nuclear nonproliferation, for example, that's neither -- it's certainly not a G-47 but it's -- but they've had meetings and they will have more.

Just to quickly throw out something that I tried myself two years ago and doesn't work, which just short of takes the G-20 and extrapolates it forward is, as Bruce has said, he has this concept of a shadow pricing of where the power is going to be in the future. Well, there's no place where thinking forward is more important than the energy sector where because of the nature, the scale and long-term gestation period of investments in energy and anticipating, you know, three billion more people, two and a half billion more people in the world, you know, the energy scenario for 20 -- between

now and 2050 is a critical one and one that requires forward thinking and then discounting back into the present and figuring out what you're going to do.

So two and a half years ago in my G-20-centric mode proposed that since there is no site in the global -- single site in the global community where energy issues actually come fully together in their global way, I proposed a Global Energy Council and that it be situated somewhere around the OECD where the International Energy Agency already is and where there's a whole plethora of other secretariat and research capacities in the OECD that can be deployed around the energy issue, like an environmental directorate, a finance directorate, and so on which in science and technology and so on. This idea I shall tell you went absolutely nowhere because the people were actually in the energy business, which I'm not, you know, whether from the private sector or the public sector, all felt that the competitive marketplace, both of information and of finance and of investments and technology would take care of it.

I'm still a little skeptical about whether they're right but all I can tell you is if you -- in other words, if you try to say we're trying to think through today what are the kind of governance elements that can work, that can be effective and legitimate in creating more order than disorder in this situation. I encourage people to continue to think about what to do about energy but I'll just say that this initial foray of mine at least, you know, ran into a negative response among significant publics. And so I dropped the idea for the time being but I think there's still a problem there because I'm not ready --

MR. INDYK: You should be ready to dust it off because if there's an oil shock, you know, as I've said before, India and China are players today in the energy

markets in a way that they were not when you first put this idea forward.

MR. BRADFORD: Yeah.

MS. GLASSER: Well --

MR. INDYK: You put it forward in a calm period.

MR. BRADFORD: That's true.

MR. INDYK: In a period of crisis --

MR. BRADFORD: It's a different story.

MR. INDYK: -- you could concentrate their minds.

MR. BRADFORD: Yeah.

MS. GLASSER: How do you see, Martin, the evidence of -- is there evidence yet of China and India actually operating differently diplomatically or through the markets in the context of the Middle East crisis? I mean, have you seen examples of them doing something that they haven't done in previous crises or, you know, are they -- are they actually stepping up in some ways that might not be visible to us?

MR. INDYK: Well, as I mentioned before, the Chinese did vote very quickly for that U.N. Security Council resolution condemning Khadafy and imposing sanctions on him. So that was indicative, I think, of a changed attitude.

I was in India when all hell was breaking loose in the Middle East and, you know, India is, of course, the world's largest democracy but their only interest was in stability and in their own Indian population. They have about five million in the Gulf, which is of course another dimension to this global order which is migration and the intermixing of different nationalities. But, you know, so far, other than Libya, they haven't

had to take a step up to the mark or take on particular responsibilities. So I think it's still early days to make a judgment about how they're going to respond. And I don't -- I don't think the no-fly zone in Libya is a particularly good test. If you had, God forbid, a Rwanda-type situation, then I think it would be different. But in the case of Libyans it's not such a black and white case of the need for, you know, international humanitarian military intervention.

MS. GLASSER: I think now is a great time to go ahead and get some questions from the audience. We have folks with microphones here. And if you can just identify who you are and where you're from that would be terrific.

Go ahead and we'll start right here with the lady in the back. Sorry, I wanted to get this lady.

SPEAKER: Thank you very much. My name is Yasser El Shimi and I'm a foreign Egyptian diplomat and a lecturer of politics at Catholic University of America here in Washington.

I mostly agree with the analysis presented today and I think that the Middle East does serve as a microcosm of the overall trends in terms of the shifting global power and order. I do, however, think that the picture might be a little bleaker for the United States and some of the participants may be willing to admit today. And that's because -- that's because --

MS. GLASSER: Finally, an American declinist.

MR. INDYK: An Egyptian declinist.

SPEAKER: Well, my dissertation supervisor is Dr. Andrew Bacevich, so

I had to get it from somebody.

But anyway, I just wanted to say that even though the United States still has the largest military force in the region, its ability to influence political outcomes in the area has become increasingly diminished, vastly diminished, and we see that not just in Egypt and Tunisia and Libya, but we also see it in countries that used to be U.S. allies, including Iraq and Lebanon. And even in Bahrain. I mean, we had Secretary of Defense Robert Gates visiting the king there, telling him that he needs to take more sweeping reforms to overcome the situation. Two days later Saudi troops are invading Bahrain. So neither the Saudis or the Bahrainis are listening to what the United States has to say at this point. And I think that we are facing a situation where the United States is becoming increasingly irrelevant in the Middle East.

MS. GLASSER: Is that a question?

SPEAKER: I would like to hear the comments.

SPEAKER: Comment, don't you agree?

MS. GLASSER: Yes.

MR. INDYK: I was with you up until the last statement. Yes, it's true that our influence in these particular situations is more limited. Not irrelevant. For example, in Egypt, I think that we did have considerable influence over the decision of the Egyptian army to step back and not to side with Mubarak against the people. How did we have that influence? It's a kind of an unwritten story yet in its detail but essentially from the beginning of the crisis we signaled to the Egyptian military that if they opened fire they would lose their military assistance and their military relationship with the United States.

And that, I think, did have an influence on them. And that had an influence on the revolution itself. When the Egyptian military stood up and said we will not fire on the people it was like an invitation to come out in the streets, bring your children, too.

So it's not true that we don't have any influence, but our influence is diminished. And part of the reason for that is because unlike a lot of the other issues in the Middle East, this is about internal change and internal change is not subject to the kind of leverage that we tend to have that grows mostly in the Middle East out of our military power. You know, this was driven home to me by a conversation with a leader in the Gulf, a Sunni sheik, who said to me, you know, we depend on the United States for our external security but we no longer believe that we can depend on you for our internal security.

MS. GLASSER: They never did.

MR. INDYK: And that means that they're not going to listen to us when it comes to the case of their internal security because they think we're actually out to do them in. And so, yes, in that sense our influence has diminished but I wouldn't say that we've become irrelevant. I don't think that's true. And it especially won't be true if this is converted into an Iranian kind of Sunni Arab, Sunni Arab Persian conflict in which the Sunny Arabs will lead us against the Iranians.

MS. GLASSER: I'll try to grab another question.

MS. SCHAEFFER: Daisy Schaeffer. I think what Martin said implied one of the points that I wanted to make, which is that missing at least from your discussion here, Bruce, is the question of intensity, which in many circumstances is going

to increase the influence of actors with relatively less power. I think that a lot of countries when they're dealing with their own internal security or with their own immediate region are going to decide they don't really care what Washington thinks; that they're going to take care of number one first. I don't think that's a particularly new phenomenon. My expertise is in Indian and South Asia and that's been the name of the game there for a long time. My husband and I just finished a book on how Pakistanis negotiate with the United States. If there is one major theme, this is it.

But Colin's comments dealt to a large extent with how institutions address this world of different and more diffuse power and the largest single minority shareholder phenomenon. And I think when you put that together with the snippets of the discussion about economics and managing the economic side of world order, you have to deal also with the fact that some of the institutions that we have relied on in the past are badly mismatched. And in response to your comments on energy I would give you as a prime example of that the International Energy Agency, which was formed to bring together the big energy consumers of the 1970s and which don't have the two biggest energy -- the two most rapidly growing energy importers of the 2000s, India and China.

That's a comment but I'd welcome feedback.

MR. JONES: Yeah, I mean, on your first point, it's sort of fundamental to my argument that yes, raw, narrow military power is one place where we continue to have dominance. But it's a utility only in a very narrow range of circumstances. And this goes to your point as well. There are going to be some times and places, Libya happens to be one of them as we're watching events unfold, where raw military power is an

important part of the equation. But it does not translate into political influence. And a lot of what we try to do in the world -- the point in responding to the second comment -- one of the things I do in the paper is look at some of the priorities of U.S. foreign policy and make precisely this point that they actually play to the comparative adventures of the emerging powers.

If at the core of our foreign policy was territorial conquest to capture energy supply, military power would be important. It's not really at the core of our foreign policy. We operate, I mean, we do that occasionally but it's not at the core of our foreign policy. And in a whole host of other areas the economic influence, the relationships, the elite relationships that the emerging powers have with actors in their region give them influence which is outsized relative to their global standing. So this is my point. I sort of bring it down to a region specific or bring it down to a country specific and whatever the global metrics are, the actual reality in regions is that these actors have more influence than the global picture would describe. And so I think that before I'm a declinist, it's not about the United States in decline; it's about the fact that on issues that matter to us there are actors with substantially greater influence than was true five, 10, 15 years ago. And that hugely constrains our ability to influence and shape events to our liking. This is where I agree with Colin. We simply have to get used to a different world which is much more competitive in terms of the sources of influence over some smaller power's behavior.

MS. GLASSER: I want to get somebody in the very back there.

MR. FANUSIE: Thank you very much. My name is Yaya Fanusie. I'm

with -- the title I like to say is lead for the Special Operations division of the U.S. for U.S.-Africa 2710 project.

This is about Libya. What you have to understand is when it comes to Libya; we are not going to allow a Gulf of Tonkin-type of fabrication or what you call that one George Bush used to go to Iraq. So if you need to intervene in Libya, make sure that what you claim is happening on the ground is true. Otherwise, you're going to have a lot of problems with us.

MS. GLASSER: Okay. I think that's a comment. We can move on. Do we have a question?

SPEAKER: More questions.

MS. GLASSER: All right. Here. Right up here.

MS. RIDDER: Hi, my name is Kate Ridder. I'm with the German Marshall Fund. I'd like to ask about sub-Saharan Africa and particularly the role that China has been playing there in the last decade. Commonly it's argued that China has been much more aggressive in advancing its interests in sub-Saharan Africa and certainly it has a very different approach in Africa to the traditional approach of the United States and of Europe. I'm wondering, I know in a lot of these broader conversations sub-Saharan Africa is sort of kind of a non-entity geopolitically. It's not really mentioned very often but in terms of development strategy and looking more broadly insofar as China presents a very different model and the United States and Europe though do remain active in sub-Saharan Africa, does the United States or Europe, do they have a strategy vis-à-vis China in Africa? And should they?

MS. GLASSER: Back to your human rights question again I think, Bruce.

MR. JONES: Yeah, I put it a little differently. Look, I mean, we raped and pillaged African energy and resource supplies for 50 years, not through development tools but through other tools. Now China is doing it. In the 1990s when the post-Cold War scenario changed we learned a few lessons about the consequences of doing it and shifted to a more sort of governance-oriented development approach. Right? That took us 50 years to get that -- to get that right. China's on that same learning curve in about five years as far as I can see. So right now they're in a rape and pillage mode and they're very quickly getting huge pushback from Africa.

But for me it goes strategically to an important point about the way we can try to influence this. If we were to say right now we, the United States, take issue with you, China, your behavior in Africa, I think their response would be to say, phh, who cares. You did it; we're doing it, screw you. Excuse my language. But when the African Union pushes back on them, when Ethiopia pushes back on them, when the Congo pushes back on them, they pay attention, and they pay attention because it directly implicates their commercial investments. Right? If the African Union decides that they're not going to tolerate sort of a Chinese behavior, if the Ethiopians decide they're going to pose different standards on this, it directly impacts their investments. So they're very rapidly learning they have to pay a lot more close attention to negotiations with the host governments, with the African Union, and be careful about that pushback.

Now, and that's just, in my mind it's an illustration of a broader

phenomenon. Where I've seen success in curtailing the, you know, what I would still describe as abusive behavior by one of the emerging powers, it's not been primarily because we've confronted them; it's primarily been because another actors has confronted them. When we were worried about Russian behavior in Transeaster and Appasia, we were trying to contain them diplomatically. But the real death blow to their diplomatic strategy was China's condemnation of their attempt to amnesty Appasia.

In the South China Sea, the real constraint in China is Viet Nam saying, look, we'd quite like the U.S. here to balance. Right? So it's these other actors who are balancing the emerging powers that I think give us a lot of diplomatic space and Africa is an example of that.

MR. INDYK: If I could just add to this, this is the great advantage of being the largest minority shareholder. It's a kind of paradox of power that as these other powers rise they become more threatening to their neighborhood and their neighborhood looks to the United States to balance. And precisely because we are far and away the militarily most powerful of the players with global reach, we can provide an element of security to them as they face these concerns that no other power can. So ironically as our power in relative terms goes down, our influence actually goes up. And that's something that we need to understand and use for good purpose. The one floor in all of this is that it costs money. And we're rapidly running out of money to pay for it.

And especially -- we haven't talked much about Asia, but if you look at it in Asia, our colleague, Ken Lieberthal, makes this point and I think it's a profound one which is that for most of Asia, particularly Asia, it's a profit center, this region of Asia.

They're all making out like bandits. For us it's a cost center. We're paying for the security. That's an untenable situation over the long term. But if we don't pay for the security, well, guess who's going to come into the vacuum. And do we want that? So it creates a real dilemma for us as long as we can't get debt under control and our economy growing again. But in the meantime we should take advantage of the fact that being less threatening to everybody in relative terms actually gives us more influence.

MS. GLASSER: Colin, I know you wanted to jump in there, too.

MR. BRADFORD: Yeah, I'd just like to pick up on the question before where you rightly pointed out that there are institutional dilemmas around dealing with, for example, China and India not being in the International Energy Agency. The same thing applies in this case where in developing cooperation again the OECD is the primary player because the Development Assistance Committee, the DAQ, is at the OECD because all the major donors, you know, in the post-Cold War -- post-World War II period and post-Cold War period were mainly at -- were mainly in the OECD membership.

And so here's the dilemma. Is -- does it make sense to have the OECD DAQ try to continue to coordinate, which is a huge problem because of a proliferation of private and public actors and multilateral and bilateral actors, I mean, it's appalling how many actors -- there's something like 500 agencies that give development assistance. And for a country this is a huge problem. So do you want to have the DAQ just go ahead with the members that it has without the major players, much as the International Energy Agency is doing? Do you, on the other hand, which is what Anhel Garrea, the first non- -- how should I put this? -- Non-European North Atlantic chairman of the -- secretary

general of the OECD has done a wonderful job of opening up the OECD to participation by India, China, Indonesia, Brazil, South Africa, and others. And short of members because they're not quite ready for members. So he's made an effort to include China in all the operations of the OECD, in an effort which would also spill over into the DAQ. And the DAQ staff has been working with China about the measuring of aid and the monitoring of aid and so on.

So I don't mean to bore you, but there is this sort of institutional strain which you're both bringing up where you have the sort of transatlantic centric institutions - - IMF, World Bank being two other prominent cases -- which need to really transform themselves in a structural way to include in a full bodied way the rest of the world that has been absent and is absent still. Or it's simply not going to work.

And I think, again, to think about influence in this regard, I mean, one argument I've tried with the Europeans in relation to the IMF is this -- is that the arithmetic -- many Europeans would rather go back to a G-8 world and one in which they can hold onto their eight out of 24 chairs in the IMF, their 33 percent of votes, and the right to nominate and hence elect the managing director of the Fund. My point to them is, look, you're doing the arithmetic wrong. You want to have influence -- you want to have -- sure, you have 12.5 percent of the vote of the G-8 and you have 1/20th of the vote in the G-20, but you have a choice there whether you want to belong, you know, be influential in the larger and more inclusive, more powerful grouping or more dominant in the weaker, smaller grouping.

And the same thing goes in the Fund where, you know, giving up 10

percentage point of voting shares in the Fund, giving up 4, 5 even seats, keeping three is still a lot, and giving up and having an open merit-based competition for managing director of the Fund, it would actually gain power for the Europeans because they're going to be influential on the Fund in any case, regardless of how many chairs or shares they have and whether they appoint the MD or not.

And so the point is what's the role of the Fund and how do you make it viable? And if you seed space in this way, my argument is you gain power because the institution in which you're influential is more effective, more legitimate, and more powerful and you're historically influential in it. Otherwise, the thing is going to break, the Asians are going to go somewhere else, and the Fund is going to be inconsequential and you're going to be very important in it but it's not going to matter.

MS. GLASSER: I don't want to be on the receiving end of your case for giving up power.

MR. BRADFORD: I'm glad you feel that way.

MS. GLASSER: In the back there.

SPEAKER: How many Europeans have you convinced with that argument?

MS. MARCONI: Janice Marconi, Marconi Brooks International.

One of the things that has been talked about or not been talked about in regards to shaping is China is the speed of which they supply physical infrastructure and aid. I mean, we are so slow that we're in park and reverse. What's your comment on -- in other words, they're shaping capability comes from the speeds of physically produce

something with those that they partner with and we're nowhere near that.

MR. JONES: An Australian development -- a former Australian development minister told me that he goes around Pacific Islands and Australian aid partners and says you can have, you know, \$15 million from he. Here are the 19 conditions that you have to live with to get that money. We'll work hard to disburse it in 18 months and you'll have to report back to me every three months on it. And as he's leaving, a Chinese development minister is arriving with \$150 million with no conditions and some sweeteners for parliamentarians and aid officials look the other way. And we're just getting outbid. Right? So, I mean, a different take on the development question and energy issues as well is we're just getting outbid. We're getting outplayed. We think we can play this world through our systems of aid strategies and the OECD and they said, oh, we're just getting outplayed. And we're going to lose the plot in a big way unless we open up to how this world is functioning and have a different approach.

Now, that doesn't mean that I think that it's a good idea that the right answer in the Pacific Islands or in Africa is completely untrammelled, unregulated competition between us and the Chinese for energy supplies and everything else. That would have its own downsides. But we do have to get serious about the way in which we do this business. And our development system is a complete disaster, both as a development function it has no impact on development in a proper sense and it has all negatives in a diplomatic sense as well. So we're going to have to get serious about this.

MS. GLASSER: I think we have time for just one more question and I'm going to -- this gentleman had his hand up from the very beginning so I'm going to give

you the last question.

MR. EVAN: I'm Steve Evan, former Foreign Service officer, foreign policy advisor to Senator Mansfield and so on. And there's a certain benefit for superannuation and one of it is that you miss a whole point in your presentation, Dr. Jones, in that this is the world that we had committed ourselves to do. This is what we were trying to do back in the 1950s and '60s to create a world where Brazil and India and other countries rose up and started to create their economy and political presence. And so it's a world that we had aspired to and so I don't see it as a declension at all; I see it as a success of our general foreign policy.

Now, I will tell you that having participated in the Foreign Assistance program for a long period of time we sort of blew that one and we continue to blow it. Every time a new president came in he changed AID and he changed the policy and brought in more people who were incompetent to run the agency. And you can look at the history of the agency and you'll see precisely what I'm talking about. So I don't really see it as a declension. I see it as declension. I see it that the rest of the world has picked itself up by the bootstraps. We have played some significant role in that and I think that we essentially played the role of sort of stimulating at its onset. We now have a lesser role now that it's gained its own momentum. So I just don't see it as a declension. It's a complex world but we thought it was a complex world then. We didn't know about computers. We didn't know about Twitter. We didn't know about Facebook and all that sort of thing but we thought it was a pretty damn complex world.

MS. GLASSER: Funny how they had revolutions even before there was

Twitter. Right?

MR. JONES: Yeah. I don't know anything about Twitter still. Look, I think you're right. It is the great irony of the moment, the great challenge to American dominance if it was ever a thing in the post-Cold War era it comes from countries who have profited vastly from a system that we built and protected and secured over time. But I think it goes to the point that Martin made. We pay an outsized share of the costs of protecting that system, both in physical security terms but also in financial stability terms. Now, when the financial crisis just happened, actually we shared the burden of that cost pretty substantially with China and with others but we still pay the outsized share of the cost.

SPEAKER: We also contributed to the costs.

MR. JONES: Well, we created the problem, exactly. But in security terms we pay an outsized proportion of the cost.

Now, as Martin said, you know, right after the global financial crisis China said, look, we're willing to help. We're willing to send some ships into the Straits of Malacca. And everybody said thank you, no. And that's the number we're going to confront. Those actors have capabilities and they could bear the costs for us. It would be cheaper if they did. There would be burden sharing as Martin said in the Middle East. It's not. It shouldn't be according to the charter. It should not be the United States' responsibility to protect the situation in Libya. It should be the Security Council's responsibility, the full membership of the Security Council. But we're going to be in a messy transition for a while because they're not fully going to be ready to play and we're

not fully going to be ready to let them. And that negotiation of what cost sharing they take up with what rules under what sort of framework, that's the conversation that we need to have. I'm afraid that right now we're not having it. We're letting this drift. We need to be having a serious negotiation, a serious conversation about what responsibilities they're prepared to take up, what share of the burden they're prepared to pay, what we're willing to exceed to and agree that we're not going to be able to get this just the way we want, and what the framework of values is within which that's going to function. That's the conversation we need to have.

MS. GLASSER: What a perfect note to end it on. Thank you so much to everyone. (Applause)

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