THE BROOKINGS INSTITUTION

FALK AUDITORIUM

EUROPE AND THE U.S.: THE OLD ORDER FACES A NEW WORLD

Washington, D.C.

Friday, September 15, 2017

PARTICIPANTS:

Introduction:

BRUCE JONES
Vice President and Director, Foreign Policy
The Brookings Institution

CHRISTIAN HÄNEL
Senior Vice President International Relations America and Asia
Robert Bosch Stiftung

Panel on "Future of Europe":

THOMAS WRIGHT, Moderator
Senior Fellow and Director, CUSE
The Brookings Institution

CÉLIA BELIN
Visiting Fellow
The Brookings Institution

WILLIAM DROZDIAK
Nonresident Senior Fellow, The Brookings Institution
Senior Advisor for Europe, McLarty Associates

KEMAL KIRIŞCI
TUSIAD Senior Fellow and Director, Turkey Project
The Brookings Institution

CONSTANZE STELZENMÜLLER
Robert Bosch Senior Fellow
The Brookings Institution

Keynote Conversation:

STROBE TALBOTT
President
The Brookings Institution

VICTORIA NULAND
Nonresident Senior Fellow, The Brookings Institution
Former Assistant Secretary for Europe and Eurasia, U.S. Department of State

* * * * *

P R O C E E D I N G S

MR. JONES: Good morning, everybody. Thank you for joining us here. My name is Bruce Jones and I'm the vice president and director of the Foreign Policy program here at Brookings. It is my pleasure to welcome you here this morning for today's event hosted by the Brookings Center on the United States and Europe in collaboration with the Robert Bosch Stiftung. This event is part of our expanding partnership with Bosch, the Brookings Bosch Transatlantic Initiative. This is a multi-year research program and platform that will spur a range of new activities to try to reinvigorate the debate and the dialogue on a transatlantic basis, not only on the relationship but on global issues that transatlantic partners can work on together.

We're very grateful to Bosch for the support for this initiative. We're particularly grateful that they recognize the value that Brookings brings to this is our in-depth, high quality and independent research. We're very pleased soon to be able to announce a new Bosch senior fellow who will be joining us and add capacity to our team to address some of the challenging questions in the relationship. And as we'll see in today's discussion, those are substantial. The challenges faced in Europe are numerous from an upsurge in nationalism and populism, to institutional turmoil following the Brexit decision, to lingering economic concerns after the financial crisis and the Greek exit crisis, slow growth, high unemployment, Russia's continued efforts to destabilize Eastern Europe and the ongoing refugee crisis. And, of course, the United States has a variety of its own issues to be working through which adds to the complexity of the challenge.

We're approaching a pivotal European election in Germany and these issues are shaping up, not only to be central to those politics to but to the broader European debate as a whole. I would say that in both cases, both in the United States and in Europe, these debates are constraining over discussion about the way in which we need to be working in the world and tackling larger global issues.

So, I think the discussion today is extraordinarily timely and underscores the need for this expanded effort on the transatlantic relationship and on the work we can do together. We're going to be building on that effort here at Brookings. As you know, our team has

had some changes. Many of you know that, Fiona Hill, who was the Director of our Center for Europe and the United States has joined the White House as Senior Director for Europe and Russia. She is on leave from Brookings for that assignment and while she's away, I'm very pleased that our Europe team has found very capable new leadership in Tom Wright who recently authored a very important book called, “All Measures Short of War,” which is, I think, the best account out there of the changing geopolitics of the moment in which the transatlantic relationship is located. And we have a couple of other folks joining our team which is terrific. Victoria Nuland, who, until recently, was the assistant Secretary of State for Europe will be joining the team. Our current president of the institution, Strobe Talbott, he steps down later in the fall. Jamie Kerchic, Alena Poleakova have also joined the team. I'm delighted today to welcome, Celia Belin, who is our French visiting fellow who joins the team now. So, as you can see, we're adding considerable, intellectual and policy making fire power to our Europe effort and it is a real testimony to the partnership with Bosch that we're able to do that and much appreciated.

So, now it is my pleasure to turn the proceedings over to my friend and partner from Bosch, Christian Hänel, who will say a few remarks and then we'll get underway with the meat of the day. MR. HÄNEL: Thanks a lot, Bruce. Distinguished panelists, ladies and gentlemen, a very warm welcome from my side and a big thank you to our colleagues at Brookings for hosting us here today in D.C. My name is Christian Hänel, I'm the senior vice president of international relations America and Asia at the Robert Bosch Stiftung. And it is pleasure to see so many guests and members and familiar faces from the transatlantic community for the second event of our Brookings Robert Bosch Foundation, Transatlantic Initiative, or in short, the BBTI.

When asked about the state of transatlantic partnership, German federal president and until recently, foreign minister Frank-Walter Steinmeier, recently told the press that there has "never been so much uncertainty in the history of the German-American relationship as there is at the present moment". Whether or not you agree with this statement, I think, is beyond doubt that we're facing one of the most difficult periods for transatlantic relations in decades. This

is among the many reasons why the Brookings Institution and the Robert Bosch Stiftung have expanded our cooperation and under the roof of the BBTI and its two pillars, high quality research and programming, Brookings scholars are scaling up policy research and the analysis on the most pressing transatlantic issues and challenges of our time.

Over the course of the next years, our two institutions will host a series of events on both sides of the Atlantic. To build and expand a resilient transatlantic network, contribute to sustain dialogue between the United States and Europe and to reinvigorate the transatlantic collaboration on global issues and social cohesion which is an issue, a challenge not only in Europe but also in the U.S., I guess.

The topic of today's panel, the future of Europe, of course, as Bruce has said, could not be more timely. The challenges that the EU currently faces are enormous. And as current German Foreign Minister, Sigmar Gabriel, recently put it, "have brought the historic project of the EU to the brink of collapse". In the economic sphere, lingering concerns about the future of the eurozone as well as slow growth and persistently high unemployment rates in many EU countries, continue to put pressure on politicians and the European project. And the foreign policies fear external actors like the increasingly authoritarian government of Turkey and Russia as well as transnational terrorism. On this day, another very sad note with the events unfolding in the City of London. All these challenges test the European Union.

One of Europe's biggest concerns is the large flow of refugees and migrants from North Africa and the Middle East. Since 2011, civil war sent the implosion of states in Europe's neighborhood have resulted in a massive refugee crisis with several million people heading towards the European Union. One dimensional populous politics of fear as well as tendencies of nationalist's isolation in EU countries like Hungary or Slovakia, triggered a perceived unrighteousness regarding the fair distribution of refugees among the EU countries and ultimately contributed to Brexit as well as the rise or right winged parties, some of which harbor very strong anti-EU and xenophobic sentiments.

In Germany, current polls show the right wing alternative for Germany,

Alternative für Deutschland, to possibly rank third in the upcoming federal election later this month. Given the somewhat uncertainty of polls these days, fifth or sixth place would be possible as well. These forces continue to challenge the European project from within. Long time assumptions like the benefits of open borders, the significance of a deeper and wider European Union, and even the relevance of the transatlantic relationship are being contested. It is therefore only consequential that the BBTI's focused topic of 2017 is the resurgence of nationalism and xenophobia in European politics with a comparative perspective on similar developments in the U.S. in order to assess the character and dynamics behind them as well as the constraints they place on transatlantic relations.

I will not come to end without some hope and optimism even though I'm German. We might not have a sense of humor but we can be very optimistic. This year's elections in Austria, France and the Netherlands proved that many citizens still believe in the European project as a promise for a better, peaceful future and therefore I'm very much looking forward to also the German elections in a week from now. Because even though the Alternative für Deutschland might come in third place and then, by the way, finally has to face the democratic parties on the platforms, on the established platforms of the democratic system which, I think, will be something to look forward to. We still have the luxury in Germany, in my opinion, maybe some German patriots on the panel disagree, but we still have the luxury that in Germany, the choice is between two real Europeans and two democrats who run for Chancellor.

So, I'm looking forward to today's insight from the panel discussion on the future of Europe as well as the following keynote conversation, of course, between Strobe Talbott and Victoria Nuland. Now, without further ado, I thank you very much for your attention. I'm looking forward to an engaging and thought provoking day. Thanks.

MR. WRIGHT: Thank you to Christian and thank you to Bruce and thank you to the Robert Bosch Stiftung. We're very excited to be working together over the next few years. My name is Tom Wright and I'm delighted to chair a really terrific panel, I think, on the future of Europe and also looking at the transatlantic relationship and looking forward also to the

conversation between Strobe and Victoria, after this.

We have a really terrific lineup. I will very briefly introduce everyone. They have very long bios which are in the seat that I won't get into because otherwise we'd be here all day. I'm particularly pleased to welcome Célia Belin who is here to my immediate left who is our new visiting fellow in the Center for U.S. and Europe. She was previously on the policy planning staff in France. We're delighted to have her join us for your first public event, first of many in the next few years. Bill Drozdiak is a nonresident senior fellow at Brookings and also senior advisor at McLarty Associates. But most importantly, he has a new book out that just came out this week which is titled, “Fractured Continent.” The subtitle is, “Europe's Crises and the Fate of the West.” I haven't read it yet but I have purchased it. I encourage everyone to do so. It is outside and also on Amazon. I heard Bill speak about it earlier this week and it is a really terrific look at the state of the EU and where it might be headed and we look forward to hearing some of his thoughts on that in a few minutes. Constanze Stelzenmüller is the Robert Bosch Senior Fellow here at Brookings and is our resident expert on Germany and all things European and transatlantic. And Kemal Kirişci is the TUSIAD Senior Fellow and Director of the Turkey Project here at Brookings.

Let's just dive into, Bill, if I could start with you because do have this important new book out this week. I mean, you spent the last two years really talking to many of the senior leaders in Europe, many officials and others in Europe about this really remarkable set of crises that's affected the EU over the last five years. If you look back five years ago, there were many people here who said, in Washington, that Europe wasn't an issue anymore because all the problems had been sort of solved. How do you think about it today in terms of the optimism and pessimism? Is Europe in the process of unraveling or have we seen a rebound this year that it might be about to sort of turn the corner?

MR. DROZDIAK: Thank you, Tom. Well, I think, there is a slight mood of optimism permeating Europe today thanks to an economic recovery that has been taking place over the last few months. I think the landscape is more fragmented than ever. The income gap between north and south is worse than ever, exacerbated by the economic crises over the past

ten years. And there is also a split between east and west as we've seen the worsening relations between Poland and Germany with Poland asking for war reparations which is a very raw, emotional subject. And also, the battles that Poland and Hungary have been having with Brussels that they seem to be turning their back on democratic values in terms of cracking down on free press and the judiciary. So, there is going to be a continuing struggle to sort this out even after the German election and the presumption that Chancellor Merkel will get a fourth term.

And as Tom alluded to, the recent crises of the refugee flows have been stopped from Turkey into Greece but they have continued from North Africa into Italy and Spain which is creating a lot of xenophobia and tension. And the battle to get Russia to play a more cooperative role is still continuing. There is a newly resurgent in belligerent Russia this week conducting war games in and around Belarus which has troubled a lot of people at NATO. Because of the precedent four years ago, it was a prelude to what their military involvement in Eastern Ukraine and before that the incursion into Georgia. And beyond that, there is, of course, the very difficult negotiations over the next couple of years with Britain on the exit from the European Union. There has been some buyer's remorse in Britain but I don't think it has reached the level where there will be the political decision by either major party to hold the new referendum and possibly stop the removal of Britain from the EU.

So, all these problems are continuing and I might add, as Poland showed, which has had the fastest growing economy in Europe over the past ten years, the wave of populism is not really diminishing because of the economic recovery. Law and Justice is a very populous nationalist movement and it is still remains very entrenched in power. So, I think, the classic divisions between right and left are being replaced in Europe, between populous nationalists and globalists and just as it is in a way in the United States. So, this is, I think, the big challenge over the coming years for the west. The fate of the west is at stake here and it is going to take great political courage to get this resolved.

MR. WRIGHT: Thank you. Constanze, if we could come to you next and get your perspective. I mean, some people say, Germany is blessed with an incredibly boring

election. Very little excitement which, I think, everyone in Britain and in the U.S. would probably trade for in a heartbeat. We're looking beyond that and there is a question mark really about what Chancellor Merkel, presuming she is reelected, will do in the next four years, particularly with France. But could you talk to us a little bit about how you see Germany's role and also the wider context in Europe and this post-election environment.

MS. STELZENMÜLLER: Sure, thank you very much. I'm glad to see everybody here with the full room at Falk. I take that as a compliment to Europe and the transatlantic relationship, obviously. I think you can say it is boring on the surface but I suppose Germans are always a little nervous about their own country. I'm certainly feeling a little nervous. The mere fact that the AfD, the Alternative for Germany, a party that is only four years old and started out as an anti-Euro party and is now an explicitly anti-immigrant, in some ways quite overtly, an anti-symmetric party, racist certainly and has made no effort whatsoever, in fact, has refused all cause to distance itself from the more openly right winged extremist elements of it movement. The fact that it's even about to enter the Bundestag with dozens of members is frankly deeply disturbing to me. Although Christian, I agree with you that having them exposed to the glare of public scrutiny and having them working in the Bundestag with others is probably going to reveal a lot of their weaknesses. Certainly, they've in the course of the last four years, made it into 11 out of 16 state legislatures. And where that is the case, their performance as legislators has been mostly abysmal. There are also members, and this is often forgotten, some of their most egregious figures like Beatrix von Storch are also members of the European Parliament like, by the way, many other European populous movements and parties. And there again, they've collected hefty salaries, made raucous statements and otherwise, I think, contributed very little or nothing at all to the business of governance.

So, I don't think the world is coming to an end because of that but it will change the nature of German politics. Right now, they've been going from single digits where they've been in the polls throughout the summer and, in fact, German polls could almost be said to be rock solid until quite recently. The Christian Democrats were at 39, the SPD at 24 and all the

other ones at about 10. Now, the SPD is plummeting to 20 and I've got friends taking bets they could go down as far as 18 which would be sort of a national disaster for a party that is 150 years old. And the AfD has been moving upwards to 10 and even 12 percent. As we know, half of the voters are not decided yet so there is room there for surprises, I fear. I think under the circumstances because have a multi-party system, it is highly unlikely that the next Chancellor is not going to be Angela Merkel. But, of course, the succession debate begins on September 24th at 6 p.m. and one minute. That is, of course, of intense concern to her own party, to everybody who wants to be her successor and to Germans generally. But what everybody else would like to know is what is Germany going to do on the front of European and transatlantic politics. There is a huge agenda waiting which has also been more or less in suspension over the summer and both of the introductory speakers here have listed that. I don't want to take up all the panel time so I suspect we're going to get into some of those.

But yes, the job of restarting the European Project and the Transatlantic Alliance, to some degree, begins next Sunday afternoon.

MR. WRIGHT: On the succession, is it assumed that Merkel will stay the entire term and just not run again or would she step down before?

MS. STELZENMÜLLER: You know, Germany doesn't have term limits in its constitution. But the only other Chancellor who has ever tried for a fifth term was Konrad Adenauer and came to grief with that. Then he said that the position of the German President had been completely underrated and had far more powers and he was going to run for that. Since he was already well into his 80s at that time, I think his party told him in no uncertain terms that that wasn't going to happen. So, I doubt that Merkel is susceptible to the kind of delusion that Konrad Adenauer was, I think, subject to. I think she's not going to do that. There has been speculation about her jumping off to some other position. I don't think that she would do that, actually. I think she would serve through to the end unless something happened to stop her and then she would step down. I think the key thing to know about Angela Merkel which differentiates her from a lot of career politicians in the world is that she is not needy. And I think she does this

out of a sense of obligation. I don't think she really needs the spotlight to exist, as it were. I don't think there is some switch in her that gets flipped by the spotlight of public attention and that sort of fills her up with meaning and purpose. I think she genuinely thinks she has a job to do. So, we will be looking at a big succession debate.

The key question before Germany is what happens to the center left if the social democrats take the kind of chancing that appears to be announcing itself now. Does the very successful triangulation that Angela Merkel did to the CDU moving it to the middle on the model of what Clinton did in the 90s and then Tony Blair did after him? It is kind of a third way but just not on the left but on the right. And will the elements of the CDU that want to do that prevail or will the more conservative elements that want to occupy the place that is now being occupied in part by the AfD, will they try and regain that and refashion a much more angular, much more shall we say ideological conservative movement.

MR. WRIGHT: Yeah. One thing we might come back to later is the fate of the SPD is very similar to the fate of other standard left parties in Europe where you just see this decimation across the board. Kemal, if we could come to you. Turkey's relations to Germany have not been in great shape over the last year and there is sort of fraught relationship between Erdogan and Chancellor Merkel. But broader than that, there is also the big question about Turkey's roll. I mean, ten years ago people were still talking about, five years ago even, pathways to EU membership. What is your perspective on this debate and how does Turkey fit in to this question of Europe hanging in the balance about which way it will go.

MR. KIRIŞCI: Well, not a day goes by without some excitement erupting from Turkey and the Turkish-German relations have been at the center of it for some time. But I'd like to draw some parallels. If we were to go back just about 20 years into the mid-1990s, there was a very similar situation then too. Relations between Germany and Turkey were terrible to do with arms purchases. Germany was reluctant to do it because the human rights record of Turkey was terrible. There was a Kurdish question, the situation in the southeast. There was a member of the cabinet at the time even referring to European member of parliament from Germany. A

couple of ladies with a word that one shouldn't employ about women. This was the state of our relations.

But the difference between then and now is that at the time, there was a transatlantic community and including the United States, the Clinton administration. That had a big agenda for Turkey and gauging Turkey and anchoring it into the transatlantic community through the European Union. This is a time when the customs union was adopted. This was a time when the Clinton administration turned over Abdullah Öcalan, the leader of the PKK. Clearly, there had been some bargaining behind closed doors which opened Turkey to introduce some reforms that eventually led it to become a candidate and then the accession negotiations started.

Now, the difference now, there are two differences. One, that commitment to anchoring Turkey has been weakened. And what was shocking for me from the debate between Martin Schultz and Angela Merkel was that a social democrat should be dumping Turkey and the two of them reducing Turkey just to one person. Poor relations with one person while half of the country had actually voted in the constitution, almost half of it had voted against those amendments in a referendum that encountered quite a few questions about its free and fairness. That's one important difference, the lack of commitment both in Europe and on the side of the Atlantic as well.

The second one is that the Turkey of the time had still a western vocation. Very critical using very bitter language towards the EU, the west, but at the same time still, this was a Turkey that was part and parcel of the project of moving along into the western world. This is where the difference lies right now. Turkey is led by a leader and it is very difficult to talk about who is around him because AKP is not anymore the party that he had founded with his colleagues back in 2001 and 2002 is not anymore the party that it was. The party of what was then called Muslim Democrats. It is not there anymore. It is a very strange political party that has, in some ways, excused my language, in a Stalinous manner, purged the founders of AKP, Muslim Democratic founders of APK to the extent of removing them from photographs and web

lists of founders. This is significant.

But at the same time, there is also a Turkey that is, I think, resisting the drift away from the west. In Turkey, we often use this analogy of a train that is moving towards the West but the people inside it is rushing towards the East. That depiction is a good reflection, institutionally in terms of Council of Europe, European Court of Human Rights, World Trade Organization, IMF, NATO et cetera, Turkey is solidly inside the West. Economically, especially in the last couple of years, its trade with the EU has been expanding and the only area to which its exports are growing is the EU and it is the United States, not the Middle East, not Russia.

Foreign direct investments are still coming into Turkey overwhelmingly from the west and interestingly Turkish FDI is going in the other direction as well. And there is a recognition of it in the ranks of the Turkish Presidents cabinet as well. Whenever there is a flare-up from the side of the Turkish leader you hear cabinet ministers meekly pointing out the importance of the vocation towards the European Union and its relations with the west. But right now, the picture is one where communally, Turkey is trotting away from the west and its leader is burning with anti-westernism and feels itself comfortable in the company of the Russian leader and Russia. So, from the edges of Europe, southeastern edges of Europe, there is a serious challenge there and I think it would be great if the west, the EU and the United States were able to pull up its socks and bring back the agenda of the 1990s. I think there would be people prepared to play that ball.

MR. WRIGHT: Thank you, Kemal. Célia, I'll turn to you. I mean, at the beginning of the year, everyone was petrified about Marine Le Pen being President of France and then thrilled by Macron and he's seen as a rock star. A lot of people are putting a lot of hopes on him in terms of turning your future fate around. You've just come from serving in the French government and the policy planning staff. How does it look from France? What are people's expectations of Macron and when you look at the relationship between him and Chancellor Merkel? After the German election assuming she is reelected, how realistic is a grand bargain between the two of them that helps him achieve his objectives?

MS. BELIN: Thank you, Tom, I'm delighted to be here for this first event. Actually, you mentioned the campaign and it was a very exciting campaign. Quite different from the German campaign.

MR. WRIGHT: But a happy ending.

MS. BELIN: Yeah a happy ending depending for whom because the two main parties were utterly destroyed, especially the socialist party from which Macron was coming from. What happened is, Macron really ran a campaign on a pro-European base and many have pointed out that he was waving European flags during the meetings. We famously remember that he worked on the European anthem on the night of his victory. So, he did something that French politicians hadn't done for decades which is running a really pro-European campaign, sort of European pride, if you want. Beforehand, for years now, French politicians as many other European politicians were just too happy to explain that all the difficulties were coming from Brussels and all the successes from the national capitals, obviously. Macron just decided not to do that.

So, after this very impressive win and the following weeks where he got a huge majority in the parliamentarian election and once again crushed the other parties, he had a rough summer. He's now facing difficulties at home. He's down 22 points in appreciation points and is, now I think, down to a 40 percent favorability rating in France which is quite low. It is not terrible, it could be much lower. But mainly because he's now facing the tough challenges. He wants to reform the labor laws and he's getting into the difficulty of governing and governing from the center and so making, obviously, everybody unhappy. He's not on the left, he's not on the right, so it's easier to have a general opposition to his policies.

But what is interesting is that at the same time that he's doing that, he's still running a very ambitious campaign on the front of Europe on relaunching Europe. There is a sort of a Macron moment on the European stage, mostly because there is nobody else to really put forward a really European narrative, to put forward a vision for Europe, mostly because the Germans are busy with their own elections and because the Brits are busy with Brexit. If you talk

about transatlantic relations, Trump is not putting forward any sort of global narrative, so he can be the one really putting out new ideas and he just did several times last week in Athens, in particular, where he talked about European sovereignty. This concept is quite interesting. European sovereignty is, he's rejecting nationalism and national sovereignty and he's basically, once again, confronting populists and nationalists and putting everything at the European level.

So, this concept of European sovereignty comes with some ideas around a Europe that should be proud of itself, a Europe that protects its models and its citizens and he has specific ideas on that. For example, he's purposing across state lists for European parliamentary elections. When the Brits are going to exit you will have seats opening on he wants to do across Europe list of parliamentarians. He's also talking about a Europe of cultural heritage, so he's providing answers on the identity front as well. He has put forward ideas on the eurozone, eurozone budget, eurozone finance minister, so all sorts of new ideas out there and now it is the turn of others to say what they think of it. So, they have a close working relationship with Merkel who has seemed to be warming up a little bit on these ideas. She knows that because of the fractured Europe, she needed to do more, especially on the eurozone topic. Juncker just launched the Zone Vision. He's not talking about a eurozone budget but he is, indeed, talking about convergence on the monetary and economic front as well. So, I guess Macron, at the moment, has this possibility of being heard on this topic but let's see if that works out.

MR. WRIGHT: Thank you. One of the interesting things, I think about what Macron is proposing and people expect Chancellor Merkel to do maybe a little bit after the election is to try to deepen European integration in certain areas. Some are more difficult than others. But Europe is not united on that. Many people point to the UK, obviously, as the country that was sort of objecting to that, but they're not the only ones. We see in central and eastern Europe, this very different narrative of Europe where they want to see maybe less integration but at the very least, sort of staying stagnant. They don't want to deepen integration on immigration and border controls and other issues. With President Trumps recent visit, it sort of highlighted

this distinction between the Polish vision maybe of Europe and the more western European vision.

Bill, if we could come back to you and I think you addressed this in the book. How significant is the divide that is emerging between central and eastern Europe, some countries there and Western Europe? Does it have like real implications for where Europe is headed and should we be worried about the future of democratic institutions in parts of the EU?

MR. DROZDIAK: Well, I think that's right. After the German election, we are likely to see an effort by Chancellor Merkel and President Macron to relaunch the effort toward greater integration in Europe. That would involve some very difficult decisions about how to complete the banking union, strengthen the eurozone, whether to name a new finance minister. So, you're going to see the 19 members of the eurozone attempting to move faster and those that are left out, the other countries, the remaining eight after Britain, will feel that they are being left behind. This idea of a multispeed Europe has been kicking around for quite some time. I think once this becomes more and more evident, you're going to see a lot of resistance from central and eastern European countries who feel that they will be demoted to second class, third class citizens. This, again, is going to lead to paralysis of the European process because so many decisions have to be taken on a basis of unanimity. Such as, if they tried to come up with a new treaty, this would be stalled for years and years to come.

So, I think there is a recognition that this is going to be a very difficult nut to crack in terms of how you keep central and eastern European countries on board in terms of the European Project. I might add that while 70 percent of Europeans say they want to remain members of the European Union, only 34 percent of them think that Europe is going in the right direction. And this is across the board in eastern and Western Europe. There are a lot of challenges facing the leadership and I think this is where Chancellor Merkel recognizes that the next phase of her tenure in power is going to be her most difficult.

MR. WRIGHT: Thank you. Constanze, you wanted to comment on this too?

MS. STELZENMÜLLER: I take all these divisions very seriously and I think

Berlin should take them very seriously. But at the same time, I'd say there is also some real enthusiasm in some unexpected places for this kind of further integration. The Baltic countries, for example, all three of them, are actually quite gung ho for deeper integration. They became members of the eurozone at a time when that was, shall we say, unfashionable thing to do, and underwent some very quite painful national austerity measures to do so. That obviously had a larger political background which is the threat that they fuel from Russia. And they say, rightly, I think, the Euro as a political project of signing up.

The other country that is more enthusiastic than you could possibly know because they never turn up at international conferences is the Spanish. Anytime you see a Spanish senior diplomat come to Washington, they talk the integration game more than the French, in my experience at least.

MR. DROZDIAK: Even though their own country may disintegrate with Catalonian separatism.

MS. STELZENMÜLLER: Well, let's wait and see, I'd say. It's possible, I'm not impossible that would happen, I think. At the same time, I think the Spanish have really benefited both from NATO membership and then from EU membership and they know that and they don't really have a significant populous movement, interestingly. Podemos never quite came up to the level of Syriza or others. I think that the Catalan independence movement is seen in the rest of Spain with a lot of distance. I'm also not quite sure that the Catalan's would get a lot of joy out of it. I say this because the Spanish federalism provides for more autonomy for Spanish provinces than do most other federalists forms of government in Europe. But we'll see, October 1 is the date of the referendum.

The other thing, of course, is that a lot of Europeans know that there are problems that we have that can't be solved otherwise than by deeper cooperation. Whether you do that by actually kicking the can up to the European level or you do that on an intergovernmental level, I don't think is really the kind of ideological issue that it once was. I think that most people are willing to tackle that pragmatically and I think the senior most pragmatist in

Europe, of course, is Angela Merkel herself, who introduced what she called the Union Method which was code for, let's make Europe more intergovernmental ten years ago, in a very famous speech in Bruges.

And so, I actually wish the French projects well. I think that there are a lot of really good ideas there but I think that the Germans may apply a brake on some of them. I'm hoping that we find a reasonable compromise but my guess, at the end of the day, is that there will be more integration rather than less. And we certainly, I'd say, one of the predictions that people have had about Europe, which is that there would be more exit movements, that hasn't come to pass so far. I don't really see that happening right now and that's a Trump effect as well.

MR. WRIGHT: Right, yes. We'll come to him in a little bit. Kemal, did you want to comment on this?

MR. KIRIŞCI: Yeah I just wanted to reflect a bit on what Bill said. We, meaning, academics and maybe pro-European integration as people, we sort of assume that this was a linear process, that this would simply go on to the point of even Turkey becoming a member of the European Union. This assumption collapsed. Collapsed, I think, with the financial crisis. And I'm not sure we still have a good grasp of why it collapsed and what the implications, the consequences are out there.

The reason why I wanted to comment is the way in which Bill described how this multispeed Europe can be destructive, eternally destructive on itself, it made me think of the dynamics in Turkey. Today I wanted to attempt to explain how we came this far. Of course, there are many, many factors. But one of the critical factors was in 2006, the European Council deciding to suspend negotiations on a set of chapters. I won't go into the details of it. But immediately, respectively looking back at it, you can see how politicians began to play on it. But also, public opinion sort of dropping their shoulders, beginning to look for alternatives. So, it is a point that, I think, needs to be addressed and taken up precisely at a time when in Europe, we see alternative projects being put forward, including in the upcoming elections in Germany. And resolving that, I think, is not going to be an easy exercise and may be on the shoulders of a

younger generation to think about and to come up with the kinds of ideas that the founding fathers of the European Union had come up with just after the Second World War.

MR. WRIGHT: Thank you. Célia, any thoughts on this but also in terms of how since President Macron has been pushing this deep integration line, how does he think about the polls? He must be aware of this sort of division between eastern and western Europe. Is he worried about a new Europe, old Europe sort of divide and big differences there or does he basically believe that the eurozone can just push on ahead regardless of what the polls or others think?

MS. BELIN: The French have always been quite attached to the idea of multispeed Europe or at least a core of Europe that would move forward maybe quicker than others.

MS. STELZENMÜLLER: As long as it includes the French.

MS. BELIN: As long as it includes the French, that's what is that is saying, obviously. But also, they were never really into enlargement in the first place. It was the confrontation between the deepening of Europe or the enlargement of Europe with two different groups on which the French were always in the deepening integration of Europe. I'm not sure exactly what Macron thinks of polling but what I can see is that he seems to want to replicate his method for confronting French populous on the national stage and replicate it on the European stage. Meaning that what he did during the campaign was really confronting Marine Le Pen and the national front and by pushing against her by accepting first a debate with her in the second round which has never happened before. By really demonstrating that she was mistaken by going point by point by showing her incompetence and by also putting forward a very positive pro-European message once again of European pride that nobody had done before that seems to have worked.

He wants to replicate that so he seems to be doing that at the moment on the European stage. It's fantastic, it's very impressive, he's very charismatic but I think there is a risk there. It's a risk that I call the Obama trap. The Obama trap is believing that because your

election was so symbolic, because it was so strong and so powerful that your words will really be meaningful to other people and that you will, by your own charisma, really take people and have them follow you in the direction you want to go. So, he did this several great speeches on Europe and you can see already that there is a risk of wishful thinking and there is a risk of exactly like Obama did during his Cairo speech in 2009, putting forward a very ambitious new plan for Europe but then not necessarily having the people on the other side responding to that ambition.

MR. WRIGHT: Interesting, yeah. And in some ways, Trump believes the same thing that his election was so symbolic that others should follow suit. I think it is almost a parallel of every President comes in having won an election or Prime Minister, almost always.

MS. BELIN: If I may, just on the Obama thing, Macron has put forward the idea of having democratic conventions in the first half of 2018 in France on the future of Europe. But he's proposing that other countries do so at the same time. He's saying there should be more transparency over the discussion of the future of Europe that treaties should not be discussed behind closed doors, et cetera. That's a fantastic idea but it does sound a lot like the town halls that Obama organized in 2009 around the Obamacare idea. Which actually, was a moment where the opposition was able to really go together and strengthen together and you had the emergence of the Tea Party. So, there is a risk there that Macron by being so ambitious will solidify in a position against him.

MR. WRIGHT: Yeah and I find the democratic conventions idea a little weird because I thought that's what parliaments were. We'll have these conventions where people will come and be representative from around society and will talk about the issues of the day and policy. I mean, that's what a parliament is and France has one of those.

MS. STELZENMÜLLER: But it's a comparatively weak one.

MR. WRIGHT: Bill, we wanted to pivot to Brexit then as well.

MR. DROZDIAK: Well, I just wanted to point out, I think, the most striking similarity to Trump's election and the rise to the populous nationalists, are the angry, disenchanted voters who feel they've been left behind by globalization. In Europe, you also see

particularly among young people, it was striking that 40 percent of young people, I believe under 25, had voted for Marine Le Pen. There is a lot of worry that if Macron's reforms don't succeed, what will come next? It may not be Marine Le Pen but it will be somebody from the extremes.

In a way, you mentioned Tom, earlier, the way which the center left, the social democrats had been swept away not just in France but their message has been diminished in many other countries. Partly it is a result of their success. Everybody accepts universal healthcare, the role of beneficent state and in a way, Angela Merkel has stolen a lot of ideas of the social democrats for her own such as gay marriage. I think the mainstream ruling parties seem to be in a state of political bankruptcy. Nobody seems to have a compelling message to move forward and this opens up the space for populous on both the far right and the far left.

MR. WRIGHT: Constanze, I know you want to comment on this so comment on this but also answer this. Just pivoting to Brexit as well, because I was going to come to you next about that. Obviously British politics is in a very unexpected state following the election. The negotiations seem to be running into trouble. Most people believe that ultimately, this will be a deal between the leaders and there hasn't been much space to do this before the German election. The question is basically how bad is this going to get after September when people really get down to talking about the details in Germany from Chancellor Merkel's perspective as far as you understand it. Like what is the probability of a reasonable outcome or are we likely to see 2018 being dominated by sort of a breakdown of negotiations and real possibility of an exit with no deal?

MS. STELZENMÜLLER: Okay, Brexit. I don't know how many of you have seen the recent *Sun* editorial. The British tabloid, *The Sun*, had the great idea of publishing a pro-Brexit editorial in what it thought was German. German commentators have been going to town on this saying this is worse than Google being translated. It described Juncker as a cognac-soaked something or other and Michel Barnier, the chief negotiator, as a puffed-up dandy and translated that with the help of the internet. Didn't go down very well. I also learned the expression, pig-headed and intransigence which I'm not going to -- look it up. Those of you who

speak German it is actually extremely funny.

The thing is, apart from these facile elements, Brexit actually isn't funny. I think it's a tragedy for Europe and I suspect it will also be a tragedy for Britain and particularly for those people who voted it because they thought their lives were going to come better. I think the economic and fiscal data that we're seeing out of Britain now paint a very different picture. And honestly, I deeply regret that. In my ideal world, obviously Brexit would never have happened but I don't think there is an exit from Brexit. I don't see that happening despite the fact that some people seem to be hoping that. I think there would be a public revolt if anybody tried that in Britain.

We are going to see, I think, on the European side, an attempt to get this done as cleanly as possible. I am not sure that we have yet seen the outlines of a persuasive deal from Britain. I think the European attitude is, darling, if you want a divorce, just go ahead and do it. We have a household to run and a family to raise. But the one ray of light that I have seen last week, which I thought was quite interesting, was this new British proposal contributing more than 5 million pounds to the European Defense Fund which has just been created as part of European defense integration purposes. That, I think is really good news. And the ideas around that are good news because they could become the basis for British EU defense and security cooperation in ways that are both pragmatic and effective. I think if we have more of that on other topics, we would all be a lot better off. I think it behooves all of us to say, really great idea, how can we work with you in this and also, how can we extend this attitude of pragmatism and trying to solve problems together while we're pursuing this negotiation which we understand from you is final and is going to happen. That would be my take on this.

Now the larger point I wanted to make is that I think what we're looking at in Europe after this last momentous election of the year is over is a series of structural changes in European politics which Célia briefly touched on with her reference to these democratic conventions. I think we're seeing the demise of the party system as we know it and possibly also the demise of representative democratic legislatures. Both of those, I think, are dangerous

because they are the result of the temptation by elected politicians to go around the structures of representative democracy and use social media and other forms of appeal to the electorate without going through what the institution has provided for in our constitutional orders to buttress their policies and their claims to power.

And I think in doing so, I understand the temptation that social media provide and certainly the biggest possible example of how to use it successfully is the current President of the United States or should I say effectively rather than successfully. I think that therein lies a huge danger to our constitutional orders in Europe and thereby to the stability of democracies in Europe and the stability of the European project. And so, that is something worth discussing in greater depth.

MR. WRIGHT: Let's comment on this and we're going to go to the audience in about 10 minutes or so. I also want to touch very briefly on Putin, Trump and Iran. So, don't feel the need for everyone to comment on the same question but choose which ones and maybe some of these will come up in the audience too. On Brexit.

MR. DROZDIAK: Yeah, a quick follow-up on Brexit. As I point out in the book, there was a remarkable meeting three weeks before the referendum when Chancellor Merkel met with David Cameron. Is there some kind of package of concessions or attractive ideas that would perhaps sway the vote in favor of remain. And Merkel said, look there can be no cherry picking, we can't do this. She said, by the way, why did you schedule the referendum Thursday in the week of the final exams of university students and on the eve of the biggest pop music festival at Glastonbury which meant young people were either going to go out partying or they were studying for their exams. Sure enough, the turnout of young people who had the most at stake in this referendum was down around 30 percent and that's what caused the vote.

I think this is a succession of tactical and strategic wonders and the tragedy is that the people who will pay the most are young people who will avoid this. So, whether there is a small chance that this can be reversed and perhaps a second referendum, I'm rather doubtful. I share Constanze's view and it is going to be hard to reverse.

On the question of whether the Brits have leverage, given the fact that they are

Europe's strongest military power, I think they need to be very careful in how they play that card. That could be something that could generate a lot of antagonism from the European partners.

MR. WRIGHT: Great. So, moving from Brexit onto Putin, we haven't mentioned Putin yet which is quite interesting. But Constanze did mention sort of masters of social media and, of course, Russia has been playing a very active role in the politics of Europe and in the politics of the U.S. Looking ahead over a four or five year period, is there a possibility of a leveling off of European/Russian relations or are we likely to see a continuation of tension and really a cold war of sorts between the two and what does that geopolitical picture look like. Kemal, do you have thoughts on this in terms of Putin's role but also then obviously how Turkey plays into that as well.

MR. KIRIŞCI: Well, we've just betrayed an event that we're going to have next week on Turkey and Russia.

MR. WRIGHT: Not betrayed but promo'd.

MR. KIRIŞCI: Promo'd, betrayed.

MR. WRIGHT: Come again to see a paper that Kemal and Pavel Baev. He's here on Turkish and Russian relations.

MR. KIRIŞCI: The way that I look at it is that theoretically you would think that Turkey would be deeply uncomfortable with the policies that Putin has been following in its neighborhood, including the annexation of Crimea and its policies towards Ukraine not to mention what is going on in Syria. The reason for it is that Turkey is a country traditionally deeply attached to territorial integrated. Yet what we see is two leaders that are getting closer and closer to each other and one of them is even more enthusiastic than the other as reflected in the purchase deal of S-400s, very difficult to fit into the traditional Turkish defense statecraft.

I think this may well be attributed to Putin's agility and flexibility that lax on the western side. He used the coup attempt very successfully. The very issue that played to the heart of Erdoğan, the President of Turkey, at a time when they had just started to build bridges over the downing of the fighter plane. While here the United States, the Obama administration

and EU remained absolutely paralyzed. Paralyzed partly because, I suspect, attitudes towards Erdoğan and unable to cash in on the way in which the public hit the streets and defended democracy. By remaining paralyzed, the west has allowed Erdoğan to highjack the whole thing and even refer to the coup as a gift from God. And that's where we are here.

This aspect of Putin frightens me the way in which he's successful in swaying a whole country, if you wish, its government and public opinion. There is a Turkish university that has been running public opinion polls regularly over the last couple of years. It is amazing to see how public opinion threat perceptions from Russia is lower than the United States. When the plane was down and sanctions came up, it peaked and it has come down. The United States is hovering at scarily high levels in terms of threat perceptions. I think at the root of it lies the mismanagement of the coup attempt and the subsequent politics of it.

So, my point in this is that Putin has this ability to cash in on the developments that occurred in its neighborhood and enjoys a state apparatus that plays along with him. And it will remain a challenge to managing him.

MR. WRIGHT: Thank you. I want to do one more question before we go to the audience and we have about 15 to 20 minutes for questions in which I'm sure some of these issues will come up. I want to ask Célia about the Iran deal because President Trump has said that he is determined not to certify in October. We'll see if that transpires or not, but not to certify that Iran is in compliance. Nikki Haley made a speech next door at AEI, a week or two ago, about how the U.S. might pull out of the deal and throw it to Congress. Others have been speculating how that might happen. France has obviously been a leading player and you're, of course, a leading player on the Iran deal. How would Europe react? What sort of transatlantic problems might arise if there was a fundamental split over the Iran nuclear issue?

MS. BELIN: First, on the Iran deal, the first thing we have to say is that we have a double game here. It is as much an ideological game around Iran and an electoral game. Letting go of the Iran deal is also one of Trump's campaign promises. So, he wants to do it. He will, in a way, try to do it in one way or another. As much as he pulled out of the climate change Paris

accord, he will want to find a way to show his electoral base that he has done something on the matter. At the same time, there is another game playing between the White House and the Congress where clearly there is a game of chicken there where Nikki Haley is saying basically, we're going to be on the right side and say that Iran is not complying and then push Congress to make a decision whether they continue waiving sanctions or they reinstate sanctions. And Congress is trying also to not do that, to not be in the position of being the one for pragmatic realistic reasons, continuing waiving the sanctions or being the one really destroying the deal.

So, that's on the American side. It is still very uncertain at the time and I think we're going to see it play over the next few weeks. They're always mentioning that this sanction and that other sanction might not be waived and in the end needs waived, so it is still quite uncertain. The reality is that it is going to be a big bone of contentions between the U.S. and France and the U.S. and Europe in general. Not only because France was at the table during the negotiations but also because France and other European countries consider it important deal for Middle East stability and also for regional stability in taking, of course, the case of Syria. Macron has said several times that he wants to open the door to possible discussions with the Iranians on the future of Syria. This cannot happen if you have the destruction of the Iran nuclear deal. It would put all of that into question. It will be as much as the climate change deal is a big bone of contention between the two continents. This will be a very big topic.

MR. WRIGHT: Great, thank you. Bill.

MR. DROZDIAK: Yeah I just wanted to add following what Kemal said on Putin because I think relations with Putin going forward are going to be one of the biggest points of contention in Europe. The course of reporting the book, Chancellor Merkel, last year met or spoke with Putin about 70 times. She said the principal message she was trying to deliver, she said look. One of the great diplomatic achievements of post-war Germany was to build peaceful and prosperous relations with all nine of its neighbors. Why can't you, Russia, realize that building a similar kind of peaceful and prosperous relationship with all of your neighbors would be beneficial to your strategic interest? Instead, you seem to be trying to destabilize your neighbors.

And that you need the west because your strategic challenges really come from the east. China's encroachment into eastern Siberia and Islamic radicalism from the south. She said one of the most frustrating things was she could never get Putin to engage or respond to that question. It basically comes down to, as we all know, he's using the hostility towards the west as a way of whipping up support for his own regime.

MR. WRIGHT: Great. Let's go to the audience. We'll take three questions in a row. Keep it short, introduce yourself and make sure there's a question mark. The lady here and then there.

MS. ORCHOWSKI: Thank you. I'm Peggy Orchowski. I'm the congressional correspondent for The Hispanic Outlook. It seems clear that behind Brexit and almost all of these difficulties about leaving is the migration problem. You have not mentioned that at all. Italy is dying right now with all their immigrants and, I don't know, there is some talk about some Italian exit because of not recognizing the national sovereignty right to decide who can come in and who can't but being imposed on by Europe. What do you think about that?

MR. BRASETIT: Mike Brasetit, PBS Online News Hour. One of the European story lines is that France loves the European community and the EU as long as it could run it. But now it's clearly the junior partner and as Constanze has alluded to, Germany has the keys both in terms of influence and authority and money to potentially put the brakes on some of Macron's ideas. So, how is the German-French partnership going to work, supposedly the driving motor of Europe going to work with Germany as the senior partner and Germany as the junior partner.

MR. CAMPER: Good morning, Phil Camper, Johns Hopkins University. The explanations here delivered for the reason of the fracturing be it sovereignty, be it economic and equality or migration, are all similarly hitting the countries. The one that seems a little distinguishing to me is actually the level of high bipartisanship. I wonder if that is the case of France when comparing it to Germany. Or in my own country, Austria, which has way more extremism than Germany although otherwise ignoring humor and dancing ability, it's the same.

Thank you.

MR. WRIGHT: Constanze, do you want to take that?

MS. STELZENMÜLLER: So many jokes about Austria and Germany that I'm having to suppress right now, but they would be hard to explain to everyone else. On the Franco-German motor, I honestly think it is up to France. I think that if I've ever seen a French president, willing, able and apparently determined to take up that challenge, I think it's Macron, and I say good luck to him. I would really like this to be a more balanced partnership and I like not all of his ideas but a lot of them. I suspect that a lot of my fellow Germans, including fellow German policymakers think the same thing and would love to have an excuse to depart from some of the more rigid policies, say of the German Finance Ministry. So, I actually, I think that Macron could give us cover.

The Austrian problem is actually a real one, I agree with you. Austria has been flirting with Russia, has been flirting with populism, had a really close shave in the last election. I worry about that enormously. It's not to say there isn't an Austrian civil society that's on the other side of all that, it is, but I think that Austrian commitment to western style democracy is looking a little tenuous these days and it appears to be closer to the thinking of Kaczyński and Orban than we can at all feel comfortable with.

I would like to say a word on Putin, if I may. I think that we obsess too much about Putin the person. I think what we should really be worried about is the fact that there is all this Russian aggression and this asymmetric interference and the internal affairs of western democracies, yours and ours and Europe, comes out of a sense of weakness. It is not going to stop until Russia becomes a different kind of country. Because that is a very, very difficult and perhaps impossible proposition, that kind of action by Russia is going to remain a challenge to us for the foreseeable future. And because we no longer have a wall or an iron curtain between Russia and us the impact of these actions and their direct effect on us is going to be much more tangible. It already is much more tangible and arguably has been for the last decade than it could ever have been during the Cold War. Which is why I think that this metaphor is also very

unhelpful. I think that it presents the single biggest coherence trust and resilience challenge to the European Project and indeed to individual European nation states that we currently have on the agenda. That's a challenge our generation now needs to rise to and it will occupy us, I think, for the rest of our working lives.

MR. WRIGHT: Thank you. Kemal.

MR. KIRIŞCI: Yeah I'd like to take on the question of migration and Italy. I think it relates nicely to some of the things we were discussing and Bill brought up. Moving forward, this is the issue that I think is even more important than the banking union. In the sense that the European Union, since the Maastricht Treaty has been trying to develop a common immigration and asylum policy. It is kind of becoming marginally deeper and deeper but it hasn't crossed the threshold. Because it hasn't crossed the threshold and there is no central authority that can take these migrants and asylum seekers and kind of process their application from the center. And then implement the decisions that are taken up by the central body there, countries on the edge of the European Union, like Italy, like Greece, to some extent, Spain as well, end up carrying the burden more and more. It really symbolizes the tension between the desire to move on with deeper integration and then domestic politics that bolt around the ring but also at the center that prevent at least in this area. I'm afraid Italians will continue to bear the brunt for a while to come.

MR. DROZDIAK: I'd like to point out, Europe's neighborhood policy was supposed to be a great leap forward in terms of making Europe a more strategic minded entity. One of the focuses was on the developing of North Africa. The way to stop illegal immigration was to build up industries and sources of income in North Africa so that people would be willing to stay home rather than cross the Mediterranean. When they tried to do this, it was blocked by the agriculture lobbies in Europe. So, you have Morocco, Tunisia which has beautiful oranges, Morocco, these luscious tomatoes that they were willing to export into Europe in January and February, were blocked by the European Union because the farm lobbies in the Netherlands where they grow these hot house tomatoes, hard as baseballs, wanted to keep the market for themselves. So, this shows you the kind of -- look, we know all about lobbies in this country but

the same thing has gone on in Europe.

I might also add, because of their failure to do that, Morocco and Tunisia became the two biggest sources of recruitment for ISIS and a lot of the terrorists who went to the Middle East came from there. As we saw recently, the terrorist attack in Catalonia was carried out by second generation Moroccan's who had moved to Spain.

MR. WRIGHT: Célia.

MS. BELIN: Maybe I'll talk about France as a junior partner. It was even more the case of striking right after Brexit where it seems of the three big, one was gone. France had to face Germany on a one-on-one basis. But I still think there are a few elements that makes this relationship possible to evolve towards an equal relationship. Because France plays an interesting historical role in the construction of Europe, obviously and also because it has a few elements that Germany doesn't have anymore. A few advantageous. One of them is to be extremely credible on the securities side, on the defense and security side. We know that in all the reform areas, the relaunching areas that want to be put forward for the European Union, one of them is defense of Europe's security. And there you have France taking the lead on all of those topics.

The other point is that France plays a role, sort of a bridge between Germany and south of Europe. At least that is what Macron is trying to do. When he went to Greece, he was clearly, when he did his whole European sovereignty speech in Greece there was a message there. I understand the Greece's I understand your problems, I understand your problems with Germany and he is taking the mantle of the one being able to reconcile Europe or maybe at least make a bridge between these two sides of Europe.

And on the migration question, I just want to point out that it is not only a pure technical question of all these people arriving and maybe is it linked to unemployment. There is a question of prosperity, will they take my jobs et cetera. A lot of fantasies there. But it is also very much a question of identity, identity of Europe. And sitting from a French perspective, it is harder to understand, even if we have a very high extreme right and xenophobic movements. We still

are a very diverse country and with waves of immigrants dating at least from the 60s and every decade of society. That has been changing very much now up to 12 to 15 percent Muslim population integrated to the highest level of society. And I understand that's not the case for other European countries. The more east you go it is different ethnic backgrounds and different immigration waves. So, this will create necessarily a divide between east and west, between every different country and this will not be solved overnight. So, when we're counting down the refugees and who takes them et cetera, you have behind it a whole cultural and identity question that will take years to solve.

MR. WRIGHT: So, we'll do one lightning round. The gentlemen here and then at the back.

MR. CHEKOV: Thank you very much, Larry Chekov. In light of the fact that somebody said that 34 percent of Europeans feel that Europe is headed in the wrong direction, what does that say for liberal democracy overall? Especially in light of migration, income equality and social media impacts. In other words, is liberal democracy threatened?

MS. CARO: Thank you. Céline Caro from the Konrad-Adenauer-Stiftung, German political formation associated with the party of Angela Merkel. I would like to mention briefly, the transatlantic relationship and more specifically the relationship between the U.S. and the EU. We know that situation is quite difficult these days. I have a question to Célia but also maybe to Bill and Constanze. Over the summer, we saw that Macron was able to build some kind of good relationship with Trump. He came to Bastille Day, and it was unexpected for the French foreign ministry but also for the American foreign ministry. So, do you think that Macron could be some kind of bridge builder between the EU and the U.S. to allow the Europeans maybe to bring their messages to the White House and French President? Thank you.

MR. SOPER: Thank you very much. Matthew Soper. I was curious, can we see ratification of the common European patent court and why Germany seems to be holding it up.

MR. WRIGHT: Very general to very specific. We have about four minutes. Just if the panelists could answer any of those you choose and also just any other reflections but just

also finish on whether you see the glass as half full or half empty in terms of the state Europe is at. Are we likely to see protracted problems or has the corner been turned. Why don't we go in reverse order? Célia, we'll start with you.

MS. BELIN: Yes maybe I will take this one question regarding Macron, Trump and the state of the transatlantic relationship in general. There are many things that Macron and Trump is pretty obvious ideologically in terms of the way they behave, the way they talk. When they met twice already, there was no personality clash. On the contrary, they are both anti-establishment new animals in the political sphere. They have never been elected to any elected office before winning the presidency. They both came and won in a surprise election and destroyed either their party or the system where they come from. So, in a way, they saw each other in each other and they recognized each other and their personality clicked. I think when Macron extended an invitation to Trump for Bastille Day, it served a purpose for both of them. It was very good for Trump's image that he would be valued enough to be invited there. He appreciated that very much and was very solemn. At the same time, for Macron, it to show that he can talk to anybody that he is taking on the biggest challenges even Donald Trump.

But more generally on how the French see the transatlantic relationship, I think in a way, the French had thought of Donald Trump before Donald Trump existed. They had integrated the idea that the Americans, maybe the American security guarantees would not always be there. That the Americans would have a very restricted vision of their strategic interests and will not care about the fate of Europe. So, they had integrated this idea and had been for years saying, Europe should have its own defense, Europe should be strategically autonomous. So, now Donald Trump is just embodying this idea and it is just the living proof that the French were right all along and we love to be right. It's wonderful.

Just to finish, the two topics, the climate change and the Iran deal that are still going to be intense over there.

MR. WRIGHT: Great, thank you. Kemal.

MR. KIRIŞCI: I'd like to reflect on the first question and the challenges that

liberal democracy faces. I think we danced around this issue and it came up in the context of Brexit too. You have two types of politics. One, politics that takes place around a constitution and the way in which societies over almost centuries weave the rules and regulations of democratic politics towards a more diverse and liberal environment. And what I am seeing in the last decade or so is a movement towards more and more majoritarianism and populism. And I think referendums are part of it and I personally, a little bit familiar with European history, I get very nervous and very scared of referendums. We have lived it. Turkey was not a country accustomed to referendums and now we have a president that has been pushing them one after the other and we're seeing the consequences of that in a very clear manner.

So, moving forward and linking it to the U.S.-EU relationship, it will be important that the establishment against which it seems there is a revolt. Through its institutions are still able to maintain that relationship and hopefully defend the liberal democratic project that took off right after the Second World War and brought us the kind of prosperity, order and security that we were once accustomed too and took it for granted.

MR. WRIGHT: Thank you. Constanze, very briefly.

MS. STELZENMÜLLER: I'm getting a sense that it falls to me to talk about the patent court. Which, of course, although I am a lawyer, know nothing about. I will say one thing though, that patents aren't just about vows and gauges. Patents these days are about biotech and medical technology. Huge amounts of money are involved in this and there is something of a world war going on between the American legal system and European laws on standard setting and regulations in these fields. American law firms have been quite ruthless on trying to impose their standards on the European market for these things. That's a really interesting topic, let me put it that way. It is one that is generally not discussed. Whatever is established there is going to be a really important institution.

It falls to our generation to save representative democracy against its enemies. There are many enemies out there, most of them are inside our countries and that's what we have to do.

MR. WRIGHT: Bill, last word.

MR. DROZDIAK: Okay. When Chancellor Merkel returned home after last meeting with Donald Trump, she said, as she told the political audience, it's time for we Europeans to take our destiny in our hands. She pointed out that for the first time in 70 years, she's dealing with a President who sees Europe as a commercial rival rather than a strategic ally. So, I think, in terms of the big picture story going forward, we could well be at a hinge moment in history where Europe feels the need to move forward and strike up and find its own way, remove itself from the strategic umbrella and security protections of the United States.

MR. WRIGHT: Thank you very much. I'd like to thank our panel for a really terrific conversation on the future of Europe and we look forward to our keynote conversation with Strobe Talbott and Toria Nuland in ten minutes. We'll reconvene here on stage. I'd like to thank all of you. Please join me in thanking the panel.

MR. TALBOTT: Good morning, everybody. Let me start, if I can, with a very, very personal note. And that is, I have known Toria for a little more than a quarter of a century, which means we got together in what was another millennium, and it sure feels like another millennium. She was an extraordinary friend and colleague, and I, along with my colleagues here at Brookings and Foreign Policy, are so glad that once again she will be a colleague.

And I think the timing of this part of the program fits very well with the panel that we have just heard from. And perhaps, Toria, you were there for a little, well close to about half of it, and you heard a number of observations about what's going on in Europe, in the EU particularly.

My sense is that there was a feeling that maybe the troubles of the EU are bottoming out, and the EU is getting its act together again with, of course, the leadership of two countries in particular, and that is Germany and France. How did you react to the conversation that we just heard?

MS. NULAND: Well, thanks Strobe. I am so delighted to be at Brookings in this next chapter of my life; America's number one think tank for the last decade or more under the

leadership of Strobe.

MR. TALBOTT: The last millennium.

MS. NULAND: Yeah. Exactly, exactly. We'll see how we do in this millennium. Before I jump into your question, Strobe, I also want to start on a personal note. As Strobe has said, we've been colleagues and collaborators in government and outside of government for a very, very long time, and I'm grateful to Strobe for many things including his friendship, and his decency, and his integrity out there in the world.

But one of the things I am most grateful to Strobe about, is that I met him, he came into government having been a journalist, when I was a young diplomat. I was just coming out of Moscow. And I was trained in the very strict, conformative ways of Foreign Service Training.

And along comes Strobe with his personal relationship with the President at an enormously important moment in history, as the Soviet Union was breaking up and Russia was trying to find itself.

And he taught me so many things about U.S. leadership that were different than the tight constraints that we learned in diplomatic school, but among them to start from U.S. values, to start from U.S. interests, but that it's about people, it's about human beings and relationships that we form with them. But it's also about taking risks for the right thing and not just doing the expected thing. And that informed everything that I tried to do in government after. So, thank you, Strobe.

In terms of the conversation today, I was glad to hear most of the big issues teased out in the conversation, whether it is how Brexit gets managed, how the EU, now at 27, adjusts, and how it addresses the structural issues that are holding back the pooling of sovereignty and other things? I actually think that for Europe and for the U.K., it can be an exciting and positive plastic moment.

My only regret is that the U.S. is not playing its role as the third leg of that stool, if you will, in trying to ensure that we come out of this time, now with economic growth on both

sides of the Atlantic, in a stronger place as a liberal democratic family.

So, from the EU's perspective, we touched on it in the last panel in talking about the issues of migration. I think there's a great challenge now in doing the same thing with Schengen that the EU has begun with the Monetary Union, namely, fixing the holes in the boat that make it leaky.

So, when EU countries pool sovereignty around the common set of Schengen borders but don't address the issues of a border security force, a shared intelligence service to know what's happening in that common space, and collaborate, a common approach to refugees and the burden-sharing, then you end up with the kind of exploitations and difficulties that we've seen.

But I think these problems have been now identified. The question is whether, in the context of what an EU at 27 looks like, those countries who are in Schengen can really work strongly together to make that Schengen space fair and tolerant and open to the appropriate kind of immigration, with the burden-sharing among them, can really make it a no-go space for terrorists, and can collaborate in citizen security, police, intelligence sharing, et cetera. I think that is possible but it's going to take a lot more work.

On the Brexit side, obviously the United States benefited enormously from the fact that the U.K. was in the EU, but I don't think it needs to be an existential crisis on either side of the channel, that the relationship will change, but only if both sides of the channel are responsible in the way they handle it.

So, from the EU side, while I appreciate that the rules are that you break relationship first and then you rebuild it, I don't understand how, even in a divorce context, you would never sort of just walk out and figure out later what happens to the children, and the money, at the this and the that.

I really think that it is in the interest of both sides and, frankly, in the interest of the United States, too, to talk about that simply how the crack up happens, but where we want to be -- where both sides of the channel want to be on the end of this and work backwards.

On the U.K. side, the U.K. is making that case strongly, but has not yet put forward a vision of the end state that it wants, the transition period that it needs, what it's willing to pay for, what aspects of the relationship it wants to keep. So, I frankly think there is a positive way forward here, but both sides are going to have to do a lot more work. And again, I just wish that the United States was playing a larger good-offices role in that context because it matters to us fundamentally.

You can make America great again if our greatest allies are not getting stronger, and if we don't create that affirmative three-legged stool, or four-legged if you include Canada, on trade, on security, all of it, going forward.

MR. TALBOTT: Let me pick up on the last thing that you said. You said the United States, if I can put it this way, is more a part of the problem than the solution. I think you are referring to the policies of the United States Government, and particularly, the Executive Branch. But the United States is a lot more than the government. And this meeting today of course is part of our partnership with the Bosch Stiftung.

And you guys are a part of the international civil society, we are part of civil society, and we can do stuff together. You mentioned, just very quickly, before we came in here, that you have some thoughts about the digital age and cyber. Do you want to say a little bit about that to the group?

MS. NULAND: Sure. But before we do that I'm not letting you off the hook here as just the questioner, so I want to turn it back on you, and then we'll come to digital. How about that?

MR. TALBOTT: Okay.

MS. NULAND: All right. So, you know, --

MR. TALBOTT: Do you see what it's been like for the last 25 years? (Laughter) And what it's going to be like for the next, I hope, some period of time.

MS. NULAND: So, Strobe, you have throughout the time I've known you, and I think probably for your whole life, been the embodiment of global integration, somebody who has

believed that the more we work together, the more we depend on multilateral institutions, the stronger we will all be. I don't want to use the global governance word, but there are --

MR. TALBOTT: But you did.

MS. NULAND: I did, I did. I said that I was saddened to see Brexit, but not existentially panicked. Do you think that there's a way to go forward in the context of Brexit?

MR. TALBOTT: Well, I think --

MS. NULAND: I mean, in the sense that this is a disintegrative trend with regard to global governance rather than an integrative one. I want to hear you on this.

MR. TALBOTT: No, no, no. I have very, very -- I have many, many friends in the U.K. and some, by the way, who were leavers. But both camps seem overwhelmingly convinced that there's no stopping Brexit itself. I cling, and it's probably wishful thinking, but I can also imagine ways -- practical reasons that might come in to stop it before it goes all the way.

We all know Zeno's Paradox. You get halfway to a goal, and then halfway and halfway and halfway, but you never cross the line. I would like to think that as this extraordinarily complicated process, and dangerous process in some ways; goes forward, there might be a way of putting Brexit in as a bad idea in the past, that wiser heads have decided not to do.

However, if that happens, and going back to the conversation that we heard in the last panel, there's going to be a difficulty with Europe itself, because I can't imagine the U.K. being passionate about more Europe, I would think that the U.K. position would probably be less Europe, while the Continentals would want more, and that will be a very tough compromise.

MS. NULAND: But isn't it the case that not all the Continentals want all the clubs, that some of them also want the flexibility to not join the Euro, I guess they've all been -- they are all part of Schengen, but this larger question of multi-speed or variable geometry within Europe and interlocking sets. I mean, to me that strikes as a way to balance the benefits of state sovereignty and the benefits of unity if countries can opt into those pooled sovereignty clubs, whether it's Monetary Union, whether it's Schengen, or whatever it's whatever comes next, a higher degree of security integration, and those that want to be in the family, but not sitting at

every single meal table, could choose a different way.

MR. TALBOTT: Well, maybe when we open up to the audience, Célia and Constanze, in particular, might carry a little further some of the points that they made in the course of the panel, so --

MS. NULAND: Mm-hmm. Back to digital?

MR. TALBOTT: Digital cyber.

MS. NULAND: Yeah. Well, as Strobe knows, and as many of you know, one of the last huge issues that we tackled in the Obama administration at the very end, was the Russian State hacking of the U.S. electoral process, and its efforts to put its finger on the scale of U.S. politics. So that combined with my growing concern about tensions between the big U.S. high-tech companies, the GAFAs and the EU, both the Commission and the Member States, has led me to do quite a bit of thinking about how the liberal democratic world can lead in this new era.

And there are so many issues here from the deterrence and protection of our free spaces from maligned actors, state sponsors or non-state sponsors, to the issue of fair taxation of these processes and services, to how you maintain privacy while allowing governments and companies the ability to chase bad guys and maligned actors within the network. So there's been quite a lot of thinking in the community, and I been learning quite a bit about this since I left government.

But I'm increasingly convinced that if those of us in the free world don't now start collaborating on setting some floor standards in these areas, that those who want to abuse the Internet, either to control their own societies, or to invade privacy, or to create security threats, will set the rules.

So, the question I've been asking is whether there's a way we can gather for -- and, you know, there have been efforts at global governance on this issue, but they always come a cropper of these different interests between the liberal democracies and the autocracies on these issues.

So, is it time for those of us in our open, free community to take the lead on, what I like to call sort of a Bretton Woods in the digital sphere, and which others are calling a Digital Geneva Convention; and gather ourselves? We could do this not necessarily as committee of the whole, but interested governments and companies could start, and then others could join and accrete, like we did with the Proliferation Security Initiative.

Microsoft and its CEO, Brad Smith, they are starting to think about this. We'll be having some meetings with governments up in New York next week, and the UNGA, and I'm excited to also try a little brain power, and I hope we could apply some Brookings and some Bosch brainpower to it as well.

MR. TALBOTT: You mentioned corporations and governments. I doubt that the Russian Government would be in the vanguard of this enterprise?

MS. NULAND: On the contrary, they are in the vanguard of --

MR. TALBOTT: Exactly.

MS. NULAND: -- making the world safe for digital autocracy, so I think that we want to get ahead of that, rather than have it swamp us or set the standards. And then in China of course, they are in the process of monopolizing control over their own citizens' information because there's alliance between the companies and the government that (a) blocks out our folks, but (b) demands that citizens share as much with government as they do with each other. And that's a standard I don't think that we want to set.

MR. TALBOTT: Insofar as you are comfortable in sharing with not only the group, but the public, when you were in the government, which was not that long ago, you had a lot of contacts with Russians. What is their line, if I can put it, on cyber that obviously protects what they were doing, and what all the world knows that they have been doing?

MS. NULAND: Well, in terms of this question of whether we should have a cyber compact, the Russian Government has said, of course, but they want to set the rules in a way that maintains Kremlin control, certainly over their own citizenry, but as I said, is less in keeping with the bargain that we would set between citizens and government.

But on the question of: did they do it, and what did they do? And all those things, the President of Russia has said, show us some proof. But by the way, some Russians are very talented on this subject. So he is, as he did in the early days in Ukraine, when he was admiring of the little green men, but not taking responsibility for them, and as he did in the early days in Syria when he was admiring of certain Assad strengths without taking responsibility for them. He is nicely having his cake and eating it, too.

But that takes us to Russia, Strobe, and kto-kovo the question that we've been asking each other and that was asked by the Russians themselves of themselves for more than a century. As you look at where we are in the U.S.-Russia relationship, with both sides now saying it's at an all-time low, which I think, you know, we can take a little professional comfort in, because there were times where we were accused of being responsible for an all-time low, and now it seems to be even lower.

Who do you hold responsible? What is to be done? Can we now move forward? Is there a role for Europe to play? And is there a difference between what the Russian Government and the Kremlin are proposing, and where the Russian people want to be themselves?

MR. TALBOTT: The very few people in the room who don't know Russian, I will translate the first two words, kto-kovo means, who-whom. And it was actually coined by Stalin from a slightly longer, I would say, imperative for Russian, and that is: who is able to prevail over whom? And of course, as any government or any leader would feel, he or that government wants to be the who and not the whom.

And Toria, also added two other favorite Russian questions. One is: who is to blame? And it's of course never themselves. And the third: what is to be done? I think in all three categories, Russia has lost its way. I am sort of preempting another question, which is: who lost Russia? I think nobody has ever lost Russia. Russia sets its own course. It has its own dynamics.

It reached a point in the last two decades of the last millennium when Russian

leaders, reformist leaders, with significant support from much of the population, felt that the system, the Soviet Communist system, was simply not getting the job done in terms of this great country's ability to integrate with the rest of the world, and to take care of its own people.

And we all know who started that. It was a fluke, a miraculous fluke, that in March of 1985 the Politburo said we just can't have funerals in Red Square every year, half-year, and they took a chance on somebody who was convinced that he, with other reformers, could reform the system. He, Gorbachev, failed in a number of respects, but succeeded in a number of respects, and that was to open up to the rest of the world to -- I'm looking at Bill Drozdiak right now. Bill, in the previous conversation made two very, very important points.

One, Russia, through the ages; Czars, Commissars, and up until -- and now again, they have a unique ability to make their neighbors frightened and therefore, in a way, very vulnerable enemies which is tough on Russia itself. It's often been said that Russia doesn't feel completely secure unless everybody else is unsecure, and that blows back into their own interests.

Bill also pointed out what I think is an objective fact. If there is a geopolitical threat to the Russian State, it is not coming from the North Pole, it is not coming from the West, it is coming from the South, and it is coming, over the decades to come, from the East, and in particular in China.

If a wise leader of Russia had a map of his giant country and had to look at it every day and say, what do we really have to worry about down the road? It would be the strength in terms of people power of China, and the poverty of people power in the eastern parts of the Russian Federation. But that's just not the mindset there. And my own hope is that the reformist period of the late '80s, up until --actually it went into the early Putin years -- will turn out to have been the New Russia, and what we are going through now is a reversion, an atavistic return to a system that didn't work before and won't work now.

I'll end with this, picking on something that you said in the context of Europe, I wish the United States Government had a set of policies that would, from the outside, create an

international context for Russia's continuing evolution more than it is doing right now.

MS. NULAND: So what would that look like? [Speaking Russian], you are king of the world; if the U.S. were to try to improve it now, what would the elements be?

MR. TALBOTT: I think the elements would -- because of the atavism, or the return to the past that Russia is now -- that the characteristic of Russian policy, both internally and externally, it is going to require us to go back to the remedies and the protections of our own interests, and I'm here talking about those of the political West. You know, if there's -- I guess I will just preempt and say, my own answer to the question: Is this a new Cold War? Yes, it is a new Cold War.

It's got different characteristics, and we are going to have to use two things that were critical for basically the planet, for almost half-a-century, and one is containment, and deterrents; and other is engagement on those issues where there are genuinely shared interests on the part of these contesting countries. I've been thinking particularly on non-proliferation and arms control.

Just one point, and you know it very well; even in the really dark period of the Cold War, going back to the aftermath of the Cuban Missile Crisis, the United States and the USSR, made significant progress in beating back the danger of, you know, thermonuclear war. That edifice and that process is in very bad shape, and while we strengthen NATO, and I hope you'll come back on that, having been our ambassador to NATO, that despite the fact that we are going to have to beat back a lot of Russian policies, we also need to return to arms control diplomacy.

MS. NULAND: I certainly won't disagree with that. I think, you know, my -- without getting into who is guilty and all those questions -- my concern, and I know you have a lot of fascination with, and you've spent your life studying the Russian people, and Russian history, and Russian culture, as I have. My concern is that in this effort to close Russia down again and re-establish sort of the zero-sum principles, you know, if others around us are doing well we must be losing; rather than seeking win-wins, is that the Russian people themselves are the biggest

losers.

And that we are seeing that in the economic fragility, the fact that, you know, partly as a result of sanctions, partly as a result of isolation, and largely as a result of a lack of reform, that great nest egg of sovereign wealth that had been built up in the aught years is now shrunk in half. That for most Russians food prices are 30 percent higher than they used to be, and the general standard of living 15 percent higher than it used to be, while internally, no attention has been paid to improving health care, and improving education.

So, I worry that we've got lots of external adventures which are really expensive, and violating of the standard principles of international law and comedy, but no attention to the Russian people itself. And I think it's becoming increasingly fragile in the sense that, you know, in those protests in the winter in 80 Russian cities, they were small, but the protestors themselves were the 20 to 35-year-olds.

So, they were the Putin generation. They were young people who grew up not remembering the Soviet Union, but expecting that they were going to do better than their parents, expecting that they were going to be able to travel and go to school externally, and they were protesting the fact that they are now denied that while they see leaders ripping off the country for personal gain.

So, I think if those issues are not addressed, all the rest of it in terms of whether we can get back to win-wins with Russia, are going to be difficult.

MR. TALBOTT: Well, let me just pick up on one phrase you used: Those issues have to be addressed, including the brittleness, the fragility of Russian society, which is very, very different from the days of Brezhnev, not to mention Khrushchev and Stalin. We can't address those issues, Russia is going to have to, or that we would hope Russia would in its -- the degree of pluralism that has been part of the last 25 years, that there will be a critical mass including in powerful circles as well as in the population, to get back on the right path.

MS. NULAND: Yeah. I mean I think we, as a country, when we base our relationship with Russia on values, on defense of the rules of the road of the international system

from which Russia benefits enormously. They are advancing far more than we are now, from their entry into the WTO, et cetera, from the fact that we use the Security Council for every major thing, and we should come to Iran, because that's one place where --

MR. TALBOTT: Before we do though, but on Europe, Russia is -- the current Russia -- is making inroads into what we hoped would be part of the political West. I'm thinking in particular, Turkey came up in the earlier conversation. Turkey is now sort of dinging us by buying, or at least considering buying Russian arms. And then there is Hungary. Do you have any thoughts on that?

MS. NULAND: So, just continuing the previous thought and linking them together, this notion of standing on the side of those Russians who want a more European, open trading Russia that is a positive contributor to the growing West, I think that's something we have to do at the same time that we stand very firmly, call it what you want, deterrence I think is a better word than containment, against violations of the basic rules of the road of the international system.

Whether it is the seizing of Donbass and Crimea, or whether it's the meddling in elections, or whether it's, you know, other violations of the INF Treaty, which is very dangerous. We could wake up one day and have medium-range missiles pointed at our allies if we don't address this; back to your point on arms control.

And even in the Putin years, we did start with Medvedev, but with Putin's consent, so those issues have to -- But I think it is incumbent on us, whether it is in our relationship with Turkey, whether it is in our relationship with Hungary, or even as Poland flirts with constraining the democratic checks and balances in its system, to make the case that this is not, as you said at the beginning, been good for Russia.

They are not getting richer by adopting this tighter more autocratic model, by dismantling checks and balances, by not having rule of law, now people don't want to invest there, people don't want to -- and that when a government is essentially afraid of its own citizens, which is the net effect of closing space for free media, closing space for democratic competition, it

lives in a permanent state of tension, not a state where it can focus on prosperity, and integration, and growth, and opportunity for its citizens.

So I think we've got to be firmer with -- you know, particularly I have some issue with the EU, that it sets standards of admissions for countries like Hungary and Poland, and it needs to enforce them when you lose the democratic checks and balances in the justice system, and free media, et cetera, if they want to benefit from the club.

But similarly with Turkey; you know, Turkey is a hugely important country on the land mass to us, as a hinge to a more stable Middle East. It's also a country that's deeply divided in terms of whether -- support for a more open, global Turkey, and support for a tighter internal system. So, we've got to get in there and be in that conversation with citizens, and that's why I hope for a more activist trans-Atlantic policy out of the administration.

MR. TALBOTT: You wanted to say something about Iran, which is important, and after that --

MS. NULAND: Yes. I think we should open it, yes.

MR. TALBOTT: -- we'll open it up to the audience.

MS. NULAND: Well, I think we had -- I was gratified to see that the administration today, I think, right? Or was it yesterday, made a decision --

MR. TALBOTT: Preserving?

MS. NULAND: -- preserve, made a decision to preserve a fundamental tenant of the JCPOA. I frankly there are plenty of places to be critical of Iran, and plenty of existential issues that the trans-Atlantic community needs to be working on vis-à-vis Iran. But if we throw that out JCPOA, we just add more burden, as those internally who might want to renuclearize, get a fresh wind in their sails.

But if the President of the administration want to be worried about Iran, they should be worried about things, and focus with the trans-Atlantic community on other things, including this creation of a radical crescent in Iran's neighborhood. It's exporting of terrorist policy, its effort to dominate politics in territory, and in Iran and Iraq, et cetera.

So, this takes you to why we need not simply a military policy in cleaning ISIS out of Raqqa, but we need to ensure that we are turning territories that we free from ISIS into experimental zones for a more liberal, open, tolerant Syria, Iraq, et cetera. Otherwise, those, like Russia, like Iran, who don't want a liberal government chosen by the people in either place, are just going to rush into the breach, and the net effect will be that we'll do, put all our own blood and treasure into creating a Syria that's safe for Iran, and for Russia, et cetera, rather than safe for the Syrian people, and stable.

MR. TALBOTT: Over to you folks? Yes, sir? Please identify yourself.

MR. HUDSON: Hi. John Hudson, with BuzzFeed News. It's great to be here. This is a question for Ambassador Nuland. Ambassador, you probably, you know, will go down as one of the more influential assistant secretaries in recent years. And I just was hoping that you could sort of talk a little bit about, you know, in hindsight. Do you maybe have any regrets about so openly backing the Ukrainian revolutionaries, and perhaps feeding the notion that this was an American-backed coup? Even if that is an unfair assumption, which I think a lot of people, a lot of us would agree. Do you ever think about, you know, those moments that came up, have any regrets at all? I would love to, you know, hear your perspective on that.

MS. NULAND: Well, we can obviously thank you for the compliment that was then not a compliment. (Laughter) Just to remind where we were in December of 2013, January of 2014 and February, we had a Ukrainian Government under Yanukovych and people that has chosen to associate with the EU, not to join the EU, but to have free travel, to have free trade, et cetera. And that was the choice of the Ukrainian people, of the Ukrainian President at the time, and of the Ukrainian Rada.

Then you had this effort at financial blackmail because Ukraine was also very fragile and had not succeeded in what we were pushing at the time, re-establishing its relationship with the IMF so that it could have financial stability and financial freedom of choice even as it did this.

And you had Russia throwing a spanner in and saying, you know, we don't like

any of this, and essentially bribing Yanukovych with a $20 billion gift, loan, whatever, not to do it. And then the country, the Ukrainian people exploded underneath the government. So what we were doing, what the United States was doing in December and January was not backing a revolution. We were trying to mediate between Yanukovych and his own people to help Ukraine not have to choose between a reasonable relationship with Russia, rather than a relation of economic dependence, and a European path.

So, we were working on whether there could be a technocratic government that could be a win-win for everybody. In fact, the deal that emerged on February 21, 2014, that Yanukovych, in fact, chose not to implement and chose to flee from instead, that the Europeans midwifed with the two Ukrainian sides. The elements of that were things that the United States had been laying the seeds for and working on for many, many months.

You know, I do think it's important to remember what happened on that famous day of the sandwiches, not cookies; I was in Ukraine with Cathy Ashton. We were working together trying to negotiate justice; whether we could get Ukraine back on the path of European integration in a way that would be a win-win, and potentially a win-win for Russia itself, because if Ukraine could have been a pass-through to Europe for Russian products, and we were making that point to Moscow.

I had on the -- I think it was the 10th-or-something of December -- been working with the Opposition, the street, Maidan leaders. Cathy had been working with Yanukovych, and on the next day we were going to switch and see if we could bring something together. And that night we were awoken at 1:00 o'clock in the morning because that was the night that Yanukovych took foreign advice and decided to put the militia on the street and encircled the Maidan protestors and start squeezing. And it was a very, very scary night.

In the end, the Maidan protestors were able to push back. And these poor, young, 18-year-old paratroopers of Ukraine who were just following orders were traumatized as well. So, before I went my Yanukovych meeting I went down to the square to see both sides, both the Berkut -- the Storm Troopers and the protestors, to express empathy for the position that

bad leadership had put both of them in.

And the pictures are actually of me giving sandwiches to the Berkut. So, Russia of course in its own, you know, rewriting of history made much of this, and used that little symbol to sort of declare that we had always had a secret plot, that this was a Color Revolution. But it's not true to what happened, and it's not true to the desires of the Ukrainian people, and it need not have been the showdown. And at the end of the day it was Yanukovych himself who was the failed vessel in all of this.

MR. HUDSON: So you were an equal (inaudible)?

MS. NULAND: Absolutely, and there are pictures to prove it, pictures to prove it, yes. But I do think it speaks to the power of Russian propaganda and the ability to pervert narratives, that that sort of narrative has really stuck. That it was all about me and I was on some rogue policy, yes.

MR. TALBOTT: In the back?

SPEAKER: Thank you, thanks. I'm Joris Larik, from the Center for Transatlantic Relations at SAIS, on sabbatical from Leiden University in The Netherlands. I have a question for you on, as you mentioned Poland and Hungary, and you said you took issue with the EU not doing more to uphold the rule of law standards in these countries. I am all for that, but I am wondering what else could be done?

The European Commission is throwing everything in its limited arsenal at these countries.

At suing them at the court, but not openly flaunting these judgments that came out against them, but yes, I mean, there's a difference to the U.S., so there's no -- despite what you read in maybe some British tabloids, there is no secret EU Army you could in there, there's no National Guard to federalize. It's not Little Rock, Arkansas, it's in the EU. So, what else could be done? What could the European institutions do? Or to the other member states, yes, what solutions are there?

MS. NULAND: Well, I'm not in favor of sending in a militia, that wasn't what I was intending. But I do note that both countries continue to benefit from massive amounts of financial

transfer from Central EU, Cohesion Funds, et cetera, and there has been no effort to link those to democratic standards. Now you are going to tell me that EU rules don't allow that, perhaps they should.

MR. TALBOTT: Bill?

MR. DROZDIAK: Thank you. Victoria, I would like to hear you elaborate a bit more about --

MS. NULAND: Nobody wants to ask a question of Strobe.

MR. DROZDIAK: Well, you could deflect it.

MS. NULAND: All right.

MR. DROZDIAK: You mentioned technology and democracy, which I also find a fascinating subject. A decade ago the Internet was seen as a powerful tool to spread democracy around the world, help populations circumvent censorship of their government, et cetera. And yet now it seems like autocracies have used the Internet much more effectively.

The great firewall in China, et cetera. And Europe, this is one area where Europe seems to be taking the policy lead. Germany and the EU have passed laws saying that unless Facebook, or other social media giants, remove hate speech and other objectionable things from the Internet within 24 hours, they'll be subject to huge fines.

So, do you think this is a direction where the United States should go? That is, imposing the onus of responsibility on these social media giants; Facebook, Google, Amazon, to respect democracy and work for government? Or do you think this would then, as these companies argue, that this would hinder -- that this would violate American laws and hinder their own freedom of action? How do you work with that double-edged sword?

MS. NULAND: How do you set the needle? Yes. Thanks for that, Bill. Well, look, I think there are two things here. The first is that one of the great powers of our democracy, and you saw it in the original Bretton Woods, was that we have this very flexible ability to have dialogue between government, policymakers, and business, and industry when we are at our best.

On this set of subjects, whether it's on the European side or whether it's on the U.S. side, we need more of that. We need a single conversation about how you, on the one hand, protect privacy, but on the other hand allow law enforcement to operate.

What's the responsibility of companies to police their platforms against abuse by state actors or terrorists or criminals? What can government do to help them? What should the legal standards be? We can have that conversation as compared to what's happening in Russia and China where governments are setting the standard in a very illiberal way. And I think we need to have it. I certainly felt, in watching, that the hacking thing mushroomed in 2016, that what we needed was a U.S.-unified interagency that was inviting all of the majors, and some of the innovators in the industrial side to address the problem together.

So, that's point one, that I think that we can take the lead on. The second thing is, without getting into putting the government Sword of Damocles down without the conversation, I am very admiring, particularly of what France did to blunt, neutralize, deter hacking in the context of the presidential election.

They did far better than we did because they attributed in real time, because they exposed in real time, and I think Germany is doing a better job as well, particularly after the garbage campaign about the young girl.

So, we need to learn from that, and part of that goes to making, again, if you have that constant conversation between industry, government, and by government I mean both policy and intelligence and the legal regulators; you can move much more quickly than we were able to move, and we are going to have to.

So that takes the back to this Bretton Woods or Digital Geneva Convention of us. Let us set the standards with industry, not impose them on industry, and let us show the world that liberal democracies can get the best out of these fabulous technologies, which have put us together.

I can tell a Maidan story from this that is a positive, while blunting the worst. So, on that very night when the Berkut were encircling and trying to squeeze the protesters; and the

bells were ringing, and the snow was coming down, and the protesters were singing to try to create some moral authority to push back the police. We at, the United States, at about 1:30 in the morning, in Secretary Kerry's name, put out a very strong statement, calling what was happening on the square disgusting.

And we had it translated into both Russian and Ukrainian in real time. I literally sat in my hotel room in Kiev, having worked on this statement, the minute we pushed the button, within five minutes, all across Maidan, on TV, you could see them holding up their phones reading this statement and gaining strength from it. So, without their cell phones that wouldn't have happened. It was a direct relationship between us and the people.

MR. TALBOTT: Last question, and a very quick one, please.

SPEAKER: Thank you, President. Ambassador Nuland, I would like to ask you, first of all, if you take a stance making an assessment about the past, do you recognize any mistakes that you may have done in managing the European affairs? And also, what is the biggest disappointment that you had in collaboration with the Europeans? What is the biggest disappointment from the Europeans that you had while working with them?

A last question for the President; and you also. What is the greatest fear and the greatest hope that you have in regards to the European Union for the next 10 years? Thank you so much.

MS. NULAND: I would have liked to react much more speedily to the annexation of -- or effort to annex Donbass, than we were able to. Recognizing what those green men were, getting more pictures out, more support out of various kinds. I think we could have blunted it earlier. I think the greatest mistake that we made together as a community, is when we began negotiating the implementation of the Minsk Agreements, we did it in parallel rather than doing it as a single negotiating structure, U.S. and Europe. We had pushed for that as you know, but for a variety of reasons it didn't come together; and that just allowed space for those who didn't want to deal to get out of the way.

I think the biggest; the thing that my heart still bleeds about was Syria. As you

know I was spokesperson of the State Department in the first Obama term under Secretary Clinton, and I had to, from the State Department podium every day, in '11 and '12 get up and justify what was going on, and I am certainly on the team that thinks that we should have done more in '11, '12, '13, '14, we should have done more together with Europe, and that we might have prevented the refugee crisis.

We might have -- A whole bunch of dominoes fell from that, but most importantly it matters to us, the trans-Atlantic community, that the Middle East has a chance to organize itself liberally. And its citizens in the Middle East have a right to -- to have a say in how they are governed, and have opportunities that we have. It's not going to be stable and good for us without that, and Syria is the linchpin. Strobe?

MR. TALBOTT: My biggest fear is, I'm sure shared by many, leaving the North Korea issue aside, I do worry about miscalculations on the part of Russia as it probes and bullies and sends its military assets into the sovereign territory, and particularly Maritime areas in the Nordic Region. I can see Putin testing the Article V issue, and he might do so in a way that could either really undermine NATO, or it could bring us to a very serious conflict.

As for my hopes, I have always felt, even during these troubled years of the last five or so, since the recession, that the European Project, as such, which goes beyond the EU, is the single-most bold and successful, in many, many ways, experiment on transnational if not supranational governance, which I think is absolutely imperative if we are going to have a good century.

So, I was heartened by much of what was said in the previous panel, and I hope that we can get to a point where there is a constituency both in the populations of these countries, as well as the leaderships, that the big slogan should be: let's make globalization great again. (Laughter)

MS. NULAND: I told you he was a world globalist. Thanks, Strobe.

MR. TALBOTT: Thank you.

MS. NULAND: Thanks to all of you. (Applause)

MR. TALBOTT: Toria's coming to Brookings is a great boon to us and a great boon to the other institutions that we are partnering with. And I do think your idea about a cyber project could be one that not only you'll find colleagues here at Brookings eager to work with you, but other institutions. And one thing I've noticed over the last year or so is that the Washington think tank community is reaching out in many ways to get help beyond the Beltway, but particularly in the Puget Sound, Silicon Valley area.

And perhaps with our friends from the Bosch Stiftung, we can find some partners on the other side of the Atlantic on this project.

MS. NULAND: All right. Go forth and be trans-Atlantic. Good to see you all. Thanks. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2020