



TRANSCRIPT

What Role will Foreign Policy Play in the 2008 Campaign?

Discussants: Amb. Richard C. Holbrooke, Vice Chairman, Perseus LLC
Mr. Robert B. Zoellick, Vice Chairman, International, Goldman Sachs

Moderator: Mr. Thomas Kleine-Brockhoff, Washington Bureau Chief, *Die Zeit*

UNIDENTIFIED PARTICIPANT: And I'm going to turn it over to Thomas Kleine-Brockhoff to moderate a session with Robert Zoellick and Richard Holbrooke. Please.

THOMAS KLEINE-BROCKHOFF, WASHINGTON BUREAU CHIEF, DIE ZEIT: Good afternoon, and welcome to this afternoon's session about American foreign policy and the '08 election.

And to all of my fellow Europeans who do not have to reside, as I do, in Washington, I have brought a piece of news from Washington. And that news is the campaign is on. It is in full swing, and last time I looked it's still 17 months to go, and actually a little less than a year to the primaries, and that's a pretty phenomenal thing.

As we speak, yesterday the first forum – or the first candidates' forum for the Democratic Party has been held in South Carolina, and it sure feels as if the election is tomorrow. So it's only appropriate for us to have an event here at the Brussels Forum, not be outdone by the Democrats in South Carolina.

And naturally in a discussion about something that is, it had 10, 17 months – there's a few hypotheticals involved here. No unknowns and unknown unknowns, as Don Rumsfeld would say. But since we all like to speculate and do it in a safe environment like this, so let's go.

And on the other hand, there are some serious analyses out there about the foreign policy attitudes of the American people at this point in time, and about what it might mean down the road.

Now we have two gentlemen with us. Former officials Bob Zoellick, former Deputy Secretary of State, Richard Holbrooke, former U.S. Ambassador to the U.N. And they will tell you in the course of this conversations if and in what way they are connected with any of the campaigns, and you should sure ask them.

So here's my first question, and it's actually directed at both of you. And maybe you want to engage, should you disagree in a little discussion about it. The first truism of American politics is that foreign policy doesn't decide elections.



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And the second truism is, of course, that 9/11 has changed everything. Now if you say the election of 2002 and the one of 2004 was an affirmation of George Bush's foreign policy, and at '06 is a repudiation, what is '08 likely going to be given the fact that you can't beat or you can't support George Bush anymore. So set the stage for us, frame the issue for us, please.

RICHARD C. HOLBROOKE, VICE CHAIRMAN, PERSEUS LLC: Well, first of all I'm delighted that we're having this discussion because it illustrates that the rest of the world cares about American politics. And I hope Americans realize that.

Secondly, your first truism may be a truism, but it's falsism. It's just not true. In 1944 – 1940, '44, '48, '52, '56, '60, '64, and '68, and '72 foreign policy was the number one issue, always through the lens of a specific issue where there was World War II, Korea, Vietnam.

In '76 it was not, because it was Watergate. In '80 the Hostage crisis is what took Reagan ahead of Carter. In '84 it wasn't, in '88 it wasn't, but it was a factor. In '92 and '96 and 2000 it definitely wasn't, and in 2000 it was, and 2004 it was, and in 2008 it will be the key issue.

Now when we say foreign policy, let's be clear. We're talking about Iraq, Iraq, Iraq. And that is, of course, a metaphor for leadership, so people will judge the candidates of both parties so the prism of their positions on the defining issue over time.

Just as Eisenhower won with his statement, I will go to Korea, and Nixon with his implied secret peace plan for Vietnam didn't exist, but it helped, and he won the narrowest of elections over Humphrey, and so on.

OK. Now two-thirds of the American public is opposed to the President's policy on Iraq. Talking analytically for a second, trying to be above my own personal preferences, I'll tell you a bit secret. I'm a Democrat, and I will support the Democrat nominee unless it's Dennis Kucinich. That's for Senator Bennett's benefit. If it's Kucinich I'm going to support Bob Zoellick.

For anything, on the other hand Kucinich will as Zoellick to be a Secretary of State so it's very complicated. But talking analytically for a minute, the Republicans have a tremendously difficult problem, and I say this with great trepidation because I'm in the presence of very senior Senator from the Republican Party.

But my view, and I'll say it and if I'm wrong, please correct me, is that the Republicans have the problem of how to distance themselves enough from the Administration since so unpopular. So as to create the chances for majority and at the same time not repudiate the administration because that would alienate President Bush's base.



One third of the public still supports him, and it would alienate the general Republican Electorate base. The Democrats do not have that problem. The different, leaving aside the marginal candidates, the top six candidates, Senator Clinton, Senator Obama, Senator Edwards, Senator Biden, Senator Dodd, Governor Richardson, all six of them they have nuance differences.

They have their different styles, but they're all going to repudiate President Bush's core foreign policy position in Iraq. And they will criticize him on other grounds and the same thing will happen on domestic side.

So there's a structural advantage to the Democrats and the Republicans have structural dilemma. This as you said Thomas in your introduction, this is the earliest starting, most intense, most expensive election in American history.

In the first quarter of 2007, when the reporting came in for the money, the Democrats had raised \$82 million, the Republican \$51 million, a very big difference. Senator Clinton had raised \$26 million, Senator Obama a stunning \$25 million for a man starting from a zero start.

Senator Edwards \$14 million and to show how much that is, Edwards raised more money than had ever been raised by any other candidate in history and he was only third on the Democratic side.

Senator McCain raised a disappointing \$14 million, Governor Romney of Massachusetts, probably the man that you in the room are least familiar with. A Mormon from Massachusetts but also, Senator Bennett of course knows him very well because his roots are in Utah, raised a stunning \$23 million.

So you have a very expensive campaign, and you're right Thomas the intensity of it is mind boggling. And they are now operating at the level that we're use to at the end, at the very end of the year before the election.

THOMAS KLEINE-BROCKHOFF, WASHINGTON BUREAU CHIEF, DIE ZEIT: So Bob you maybe you want to help me out with my truism or describe the structural disadvantage of the Republican Party right here.

ROBERT B. ZOELLICK, VICE CHAIRMAN, INTERNATIONAL, GOLDMAN SACHS: Well I just to start in this sense of full disclosure since you ask for that, I actively support Senator McCain, but in a spirit of analytical fairness, I'll be pleased to explain to the audience why any Republican candidate would be better than the Democrats.

KLEINE-BROCKHOFF: I'll ask you that question.



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HOLBROOKE: I'll be interested in hearing that.

ZOELLICK: I'd be interested in speaking if you give me a chance. I agree with Dick about the fact that foreign policy and sometimes people ask whether foreign policy will be important. And I think it's going to be utterly important just to start with the fact the United States is a country at war.

We talked about that a little bit in the opening session. But we've got people fighting and dying in Iraq and Afghanistan. But I think what adds to the political complexity is the American people are trying to struggle what war it is.

It's not just a war in Afghanistan or a war in Iraq, but is it global war on terror? Is it a war against radical Islam? Is it a long war? I actually favor a description about, one I got from Gocuchucktung (ph) of Singapore about a struggle for the soul of Islam, putting some of the responsibility on Muslims.

But I think what we've seen happen is that this has created one of two very big anxieties that permeates the American Electorate. In addition to sort of the uncertainty in the foreign policy, we have another one we could come back to the economic anxiety and some of the aspects of globalization.

But just to stick with this one for a moment, I think what happened in short form is well Dick and I and others who worked in the Cold War know that there certainly were many difficult issues in there.

It gave some pillars and moorings for a policy. With the end of the cold war, that changed the '90s in some ways for both parties was a little of a holiday from history, although there were trying issues, like the ones Dick dealt with in the Balkans.

9/11 gave a focus, an intensity that brought people together and were now in a phase were people no longer have the same sense of certainty about how to deal with this. So I think for both parties there will be a need to first, explain what's going on to people. Second, some sense of overall approach and then third, the specific policies.

Now, I agree with Dick that, you know, Iraq is an unpopular issue, is a challenging problem for any Republican official. But just to flip this, you've watched Hillary Clinton over the course of her Senate tenure to try to position herself as a centrist. She's on the Armed Services Committee. She's now getting pulled by the activists in the Democratic party that just say pull out, and that's kind of where Edwards has been and that's where he is on the economic populism.



Obama is in many things has been able to position himself in between. He said I wouldn't have voted for it, but he kind of, when he talks about these issues its sort of a higher level. So I think whoever gets nominated in 2008, you're going to have an intense discussion about who can keep the country safe and secure on both the issues of Islamic radicalism and also the economic topic.

RICHARD C. HOLBROOKE: And I want to pick up on Bob's point, I agree with everything he said. On the, when I said Iraq's a key issue, I'm not clear how that will play out because it party confronts the same dilemma. You're appealing to the electorate in the primaries to the get nomination and then the general election.

Your description of Senator Clinton is not inaccurate. I should have mentioned that among the Democrats running, I'm supporting Senator Clinton, but it's a very strong field and we'll see what happens here. I think the early assumption that she had the nomination in her hand and that the election would be more difficult is not true. I think it will be a tough, tough nomination fight.

On the foreign policy issues, very important to underscore, that since at least the Vietnam War, the national security issue has always benefited the Republicans in every Presidential election. The polling afterward showed that for those Americans thought national security was most important issue.

The Republicans had a ten to thirty point advantage, including the Kerry-Bush race of 2004. The current polls suggest that it is now roughly even and that's going to be a big issue for the Republicans, because if they can't regain that margin on the national security issue, then they thereby lose two or three points on the national election. And since the last two elections were both, one was a dead tie and the other one was a two point margin for President Bush that could be a critical variable.

KLEINE-BROCKHOFF: Now you mentioned Bill Ruthland, if you weren't advising John McCain or supporting John McCain but advising Hillary Clinton, how would you advise her to win? Now given that she is, seems to me to be in the same situation.

ZOELLICK: I don't think she could survive that.

KLEINE-BROCKHOFF: Given that she is in the same situation and seems to be stuck with the same argument that John McCain, not John McCain, sorry, John Kerry in 2004 had to grapple with, which is with regard to the authorization of force by the Senate.

If only, if only we had known before, if only, if only before what we know today, we wouldn't have had to vote. That's basically what she is saying today. How would you advise her to win?



ZOELLICK: Let me start out and just to step back again and look at Senator Clinton's candidacy. One of the things that is so striking or ready about this election is that you have the first serious woman candidate for president in U.S. history and yet she is treated as the establishment candidate and somebody says that's kind of shocking to reflect on.

And I also think that she, she brings a lot of experience, she is highly intelligent, but she will also carry this baggage of not being Bill Clinton. You can see it when she does the open forum. To me she is very impressive.

She knows her stuff, but she doesn't quite have the empathy that Bill did. And one of the other uncertainties here will be how will the electorate feel about Bush, Clinton, Bush, Clinton. So in a way this is kind of the establishment mantle that she carries.

Having said that, I think her major challenge will be one that Dick mentioned. I think that there will be a tenancy, but part of this depends on world events, that as you get more towards the general election, people will want to have somebody that they feel comfortable with based on security. And at least the two leading republican candidates today, Rudy Giuliani has the association of 9/11 and Center McCain obviously has a long military experience of heroism, courage and patriotism.

So she is going to want to be strong in that account and so she has to be a little careful how far left she gets pulled. But then, I would also say that part of the challenge which we should talk about is the, sort of the economic anxiety. And here, going back to Dick's point, traditionally the democrats would score better on a healthcare issue or on some of the other domestic issues.

And in my first serious campaign, which was '88, one of the lessons that I learned is if you got people talking about your issues, more weeks of the campaign, it is likely to advantage you. So in a sense, since you asked the strategy question, she has got to be good enough on security. She has got to have a position that gives people comfort, but then frankly she has got to try to take the economic anxiety issue and put it to her advantage.

KLEINE-BROCKHOFF: So I am going to do the same thing too now. The three major republican candidates all support George Bush's strategy in Iraq. One of them has even built his campaign around it, falling like a stone in the polls in the last weeks, John McCain. So, how can a republican win in this environment?

HOLBROOKE: First, I just want to say one word about Hillary Clinton. I want to be clear why I am supporting her aside from the fact that I have worked closely with her and her husband's administration as a member of his Cabinet. On January 20, 2009, whoever the next President is is going to inherit two wars, Iraq and Afghanistan.



That has never happened before in history, a major confrontation with Iran, enormous problems around the world, the agenda of which you all know, massive deficit and I think she, her experience makes her most qualified to get off to a strong immediate start. I think she would make a terrific President.

And Bob has made an interesting point that gender, which people thought would be a major issue, has so far not become a major issue.

ZOELLICK: Make a good point for the republican.

HOLBROOKE: Well first of all, I know John McCain very well and sat in this from with him exactly a year ago at the first Brussels' Forum. I have enormous respect for him. He is a genuine, authentic American hero.

And a year ago when we sat at the first Brussels' Forum, he was the most popular politician in the United States, both parties, and there is no one who was in the room with us a year ago who would have expected him to be in this present political position. And everyone respects and like him.

What has happened to him is that he has decided that although he clearly, he made clear his dislike of George W. Bush as a person, that the highest priority that he had as an American citizen was to advocate a strategy for success in Iraq, and this took him into an extraordinary terrain, the anti-Bush republican who suddenly was supporting the policy as it was going downhill.

He, my own view is that the surge, the 21,000 additional troops that were, who were proposed by General Petraeus and approved, which is now expanded to 30,000 troops and it is no longer a surge. They are going to stay there as long as we are in Iraq, that that surge was either too many troops or too few troops.

It is not enough to make a difference but it is enough to double down a bad bet. Senator McCain, who in private had indicated to many of us that he knew they needed more troops chose to support the surge. His was a historic decision.

Knowing John McCain, and again I have to be very careful here, because we have a colleague of his in the Senate here who will know better than I know the motives of John McCain.

But knowing John McCain the way I do, I believe that what he did was out of conviction and not politics. I deeply respect his decision and I think it was wrong. If I was advising him, I guess I would start by saying listen to Bob Zoellick, who is, Bob and I like to tease each other.



But he is truly one of the two or three best officials that served the United States government in the last six years, and I greatly admire him. And I think that Senator McCain is just wrong on Iraq, but I deeply respect him, and I would say fix it.

Either say there aren't enough troops to achieve it or say we've given it a shot and I want to reevaluate. As for Governor Romney, his positions are very vague and I'm not in a position to advise him. I've never met him.

Mayor Giuliani is very interesting case. He's leading in the polls. Those of us, who live in New York and watched him over the last 15 years, are frankly stupefied by this. Because if you know Rudy Giuliani the way we know him in New York you know that he is going to do really extraordinary things continually in the campaign that are going to damage him.

He's already; well he went to Alabama and told them that it was their decision whether or not to fly the Confederate flag. At the same week that Senator McCain said on national television three weeks ago that was the single thing, he'd done same thing in 2000 and (INAUDIBLE), calling it was the single thing he's most ashamed of in his career.

So you never know what Rudy Giuliani is going to do next and his personal life is very complicated. There is a joke which I will conclude with here that it's an extraordinary campaign when the only Republican in the race who's only been married once is the Mormon, and it's true.

THOMAN KLEINE-BROCKHOFF, WASHINGTON BUREAU CHIEF, DIE ZEIT: So I think that this joke is a good moment to go to the audience because we are going to have to close on time, Richard Holbrooke will have to leave.

HOLBROOKE: I'll have to run.

KLEINE-BROCKHOFF: So we'll start right there Charlie Kupchan. And we'll come back to the isolationism question that you raised

CHARLES KUPCHAN, PROFESSOR GEORGETOWN UNIVERSITY: I want to speak to the issue of what next, what comes after Bush? And offer the following analysis and ask both of you to comment on it. And that is that what we've been witnessing in American foreign policy over the last six years is much bigger than the Bush Administration or 9/11.

It's also about the erosion of the political center in American politics. And that the two of you represent in spades the generation of centrism a bipartisan compact between moderate Democrats and moderate Republicans.

And I would venture to say and hope you will take this as a compliment and not insult that on most of the major issues of the day you guys would probably agree more than disagree. But



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what I'm worried about is that what's next in American politics is not that center. Is not that liberal internationalist center and perhaps Senator Bennett would comment on this.

But in the Republican Party the center seems to be dying out, there doesn't seem to be a new crop of liberal internationalist. And the Democratic Party, I think the elite are more centrist but the party faithful seem to be moving to the left and becoming uncomfortable with the use of force.

So I'd like both of you to speak a little bit about this, the deeper trends that seem to be undermining, political trends in American politics.

UNIDENTIFIED PARTICIPANT: Charlie I don't think that's true in the democratic side, the 35 new members of the House, Democrats and most of the six new Democrats in the Senate, all were elected as moderates.

And the reason for that was that the Republicans who lost, a lot of them were moderates clinging to marginal seats and people in places like Connecticut said, why should we have a moderate Republican who has no influence in his own party when we can have a moderate Democrat.

So this took Nancy Pelosi, as the Speaker, who had been extremely liberal left in her career up to the time she became Speaker, immediately into a more centrist position which very few people saw coming.

So I don't agree with your analysis on the Democratic side. The center was left open by the base strategy of President Bush and Carl Rove, by base strategy I should explain to the non Americans in the room that President Bush and his chief political strategist decided to govern by strengthening, continually strengthening the right wing of the American political electorate rather than governing from the center. And that was a decision.

Now on the Republican side I will defer to other people, but on the Democratic side, I think the Democrats are moving towards the center left from the left. And so I'm not as worried as you are.

KUPCHAN: Great.

UNIDENTIFIED PARTICIPANT: Clearly in terms of economic isolationism one should be worried, because a lot of those Democrats ran on an economic isolationist platform. I don't happen to think they won because of that. I think they won because of Iraq and corruption and spending and other things.

But it doesn't matter what I think, it matters what they think, and for people like Truman, Rangles now trying to put together something on trade. He will find it harder, because not



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only the trend of the party in a more isolationist direction on economic issues, but now its class is even more fervent about it.

But I would address your point a little differently than Dick did. I think that, you know, to have a successful foreign policy you always have to be able to find the base in the public. And there's a little bit of a rose-colored view of this.

I mean if you go back and look at Republicans and Democrats at various times over the past 50 years with some pretty troglodytes or reviews from the Republican side. There is on the left, there was some sort of a retreat, and sort of even an anti-American attitude.

And so I think it's always a question of booming. And one of the things that's quite intriguing – and Dick and I have both been involved with this – it's an issue like Darfur where you get a broad-based interest in the Evangelical community, African community, sort of Holocaust and Jewish community.

And there's a certain irony. At the same people you have people not wanting to engage in military force in Iraq, they seem to want to that in a Darfur context. That is evidence again, of, you know, we talked a little bit beforehand about the Evangelical's community interest in global climate change and some of the other sort of aid and development issues. They're part of the challenge of political leadership.

We'll be going back to my point about the anxieties. First explaining what's going on. At least my advice to candidates is you get 50 percent credit for just trying to help people understand the fact you live in a world where as the American sees it, you know, it's a pretty religious country, so there's sympathy for religion.

But the average American can't understand people that kill people because of cartoons of Muhammad. And they can't understand people that feel they're humiliated when women are allowed to drive.

And so most Americans' attitude is basically keep them away; let them do what they want themselves. I don't want to have anything to do with those people. So the first part is sort of to explain this, what ever we call it, long war, struggle for the soldiers, Islam, whatever and then try and develop an approach.

And I think Dick has actually been very sort of modest on this point. Look, I think the primary Democratic attack on the campaign is going to be incompetence. OK. So it's the easiest thing to do when you're the opposition party.

So they'll attack the failures of intelligence, they attack the failures with this with the military. That however will not resolve the issue, which is how do you explain this to the American people and similarly on the globalization issue.



And there I think it's partly a question of how you explain to people how you adjust to change. So we've got a healthcare system that's all based on employment. But you're going to have mobility, so when people lose their job, they lose their health insurance. And the current system like a COBRA system is too expensive. It doesn't last too long.

So whether it's pension, whether it's healthcare, where we talked about sort of worker training in the first session. The United States spends not only through trade adjustment assistance, but through worker investment at about \$21 billion a year, and I'll be darned if I really feel. I know what we get for it, and I've dug into this field.

So this is going to be, I think, a challenge for people, for the leaders. And this is the role of the leaders to explain this world and how we should approach.

BROCKHOFF: OK. So we had – right here.

UNIDENTIFIED PARTICIPANT: I have two questions, since I suspect you might be involved with Republican and Democratic platforms in 2008. The first question is whether there will be any section dealing with arms control, and if yes, what it could be?

And second question with related to Russia, I have a gut feeling that there were containment as far as Russia is concerned. May reappear again, and may be included in the political party platforms. Can you comment on that?

HOLBROOKE: First of all, I have never been involved in the party platform, and if I'm lucky I never will be. There really – but what matters is what the candidate says. Party platforms are hammered out under enormous compromise, and no candidate has ever been bound by a platform. So I don't pay much attention to it. Secondly on Russia...

UNIDENTIFIED PARTICIPANT: What about arms control?

HOLBROOKE: Arms control – I'm in favor of it. What – Serge, I've been – I'm not sure what you want here. There are going to be a lot of arms control-related issues, but they will not be issues that decide the election.

Now Russia's more interesting. Russia would be, if it were not for Iran, Iraq, Afghanistan, Russia would be the number one issue right now because a lot of people...



HOLBROOKE: Issue right now because a lot of people and in fact, both of the candidates we're supporting, John McCain and Hillary Clinton. Both feel that this administration has been too gentle with your president, Vladimir Putin and I have not endeared myself to the Russian government by my public statements and articles on Georgia and Kosovo.

You have in the room now a very strong delegation from Georgia. My own view is Putin is trying to overthrow Saakashvili and that Putin misread President Bush's initial famous comments about looking into Vladimir Putin's soul and seeing a good man.

And he misread the relationship with Gerhard Schroeder and you have the extreme irony of two men, President Bush and Chancellor Schroeder who didn't like each other. Both kind of giving a green light to Putin just as oil prices went up, just as the U.S. got adverted to Iraq and then he began to advantage to it in Georgia. He tried in the Ukraine and above all now in Kosovo.

In the next two or three weeks, I want to stress this; we are going to get a fundamental test of Vladimir Putin's view of his role in the world. If he, if Russia vetoes the (INAUDIBLE) plan and the Security Council, there will be the following certain consequences: There will be a unilateral declaration of independence by Kosovo as an independent country.

The U.S. will recognize them I hope, the same day Secretary Fried. No delays here please and some of E.U., some of the E.U. will recognize, some won't and there will probably be violence on the ground, and it will be the fault of the Russians and to me it will be a defining issue about Russia's role in the world.

I'm not talking about a second cold war. We're not in a cold war. It will be however, a serious and inexplicably irresponsible position. Senator McCain has been very eloquent on this on his trips to Lithuania. I went with him to Lithuania. He's gone to Georgia; he has tried very hard to keep this issue front and center.

KLEINE-BROCKHOFF: So, I'm going to take...

ZOELLICK: Do I get a chance?

KLEINE-BROCKHOFF: You want, OK, go ahead.

ZOELLICK: I mean if you...

KLEINE-BROCKHOFF: Go ahead.

ZOELLICK: Well, key point is Russia as Dick says, is going to be a very tough issue in this electoral season. The best test that I could give you is that if the administration, if Russia completed its multilateral round in the W2 negotiations and the administration had to bring



this before Congress for a (INAUDIBLE), which they would under Jackson Banich I don't know how they'd be able to get it done.

KLEINE-BROCKHOFF: Right.

ZOELLICK: Now. Where I think the problem, one of the problems, that I see is that I think I perceive what is going on in Russia with it's perception of 15 years of humiliation and being kicked around and so on and so forth.

I don't agree with that view of history, but I have a sense that is how Russia perceives it. And I think that therefore, we really need to play for a longer term and longer run and I do find people in Russia who still do want to look towards a relationship with U.S. and Europe and the West and so one needs a bit of strategic patience on this.

But going back to Dick's point, you certainly don't make it easy. So I was (INAUDIBLE), I mean every time you turn around there is sort of another threatening statement. And while the United States and others can try to absorb some of this, it frankly gives people a very worried impression about the direction of Russia.

So, I'll just conclude on that one by saying, this is a two way effort here. And on the arms control point in particular, I listened to your comments last night. I was in and out. I would urge people to think about that issue in the context which we are no longer enemies.

So some of the things that people were talking about in terms of strategic arms or even CFE reflect, I was there when those treaties were negotiated, okay, so I understand that and I understand that they have a certain role in the psyche of Russia.

But on the other hand, for goodness sake, we don't feel threatened by you, but you ought to feel threatened by Iran and maybe we ought to together work on the missile defense issues. So when Bob Gates goes to Russia and tries to suggest this and basically gets the stiff arm. To be honest that doesn't enhance the direction for people like me who would like to work with Russia, for example.

KLEINE-BROCKHOFF: Now we're already seeing the clock tick down and I would ask you to be brief. I'm going to take a couple of questions, also ask you for a little brief question and answers. Here is Mary Sarrotte

MARY SARROTTE, PRINCETON UNIVERSITY: Hi. I'm Mary Sarrotte. I'm a history professor at the Institute for Advanced Study in Princeton, and I work on the Glory Days in the Transatlantic Alliance, the Cold War, which prompts my question.

Assume it's November, 2008, and your candidate has won, and the President-elect turns to you and says I would really like to do something to improve the transatlantic relationship.



What can I do, starting in January what specific actions can I take immediately after inauguration to set a new course in the transatlantic partnership?

HOLBROOKE: Fire Dan Fired.

I mean there is, after Dan Fired is fired, Dan worked with me very closely and I couldn't resist.

ZOELLICK: You see the difference between the democrats and republicans. They have a negative action. My proposal was going to be to appoint Dick Holbrooke to the EC Ambassadorship, spirit of bi-partisanship, skilled diplomat.

HOLBROOKE: Is Boyden (ph) in the room somewhere?

UNIDENTIFIED PARTICIPANT: (INAUDIBLE) the firings and appointments, here Charles Grant.

CHARLES GRANT, DIRECTOR CENTRE FOR EUROPEAN REFORM: A year ago, in this room, John McCain said, there is only one thing worse than bombing Iran and that would be Iran with nuclear weapons. Many Europeans would say that is a false conundrum, because that choice would be between an Iran with nuclear weapons that you don't bomb and an Iran that you do bomb that would probably still get nuclear weapons anyway if it rally wants to. Do the two people here agree with what John McCain said a year ago?

KLEINE-BROCKHOFF: OK, we will take two, go ahead.

ZOELLICK: In a typical European fashion you slightly confused me on your different points, but I will just talk about the Iran policy. Look, I will tell you the same thing that I told the Chinese in terms of urging them to play a key role in this.

If you have a country that you know has supported terrorism and the Chinese have no problem recognizing that, and I presume the Europeans would as well. And if they believe that the holocaust is a questionable event, and if you believe that Israel should be wiped off the face of the earth, then, if that country develops nuclear weapons, you are gong to have a problem with energy, security, in the case of China and all of our security.

And so I think this goes, and this is where I think U.S. policy is today, is that you need to try to bring everybody together, which is what we have done with the EU3 and China and Russia and others, to try to put as much squeeze on the forces in Iran. I think there was some comment yesterday, I forget in which session.



I think it is unfortunate, but I think the Iranian elite basically does want to have a nuclear capability. But they may be willing to forego it. Some may be willing to forego it if you have that squeeze, and whether it is financial matters or others.

But to be successful, you are going to need to have people be stalwart. So I would pose the question to you. Do you think that the European Union countries should be giving export credits to Iran? So, if we want to avoid not just a potential U.S. use of force, but an Israeli use of force, then we are going to need to make that system work.

UNIDENTIFIED PARTICIPANT: I agree with that. I would just move on.

KLEINE-BROCKHOFF: And the question, Mary Sarrotte questions, transatlantic?

HOLBROOKE: Well it is such a long answer and it is so, it is just a grab bag and there is so little time. You know, I have to leave and I would rather just defer it and hear from some more of the audience.

ZOELLICK: Here let me answer briefly.

HOLBROOKE: OK, answer for me then.

ZOELLICK: Yes, I think this conference in one way is representative of the big change since the period you studied and today, which when Dick and I dealt with these issues. Although I am a little bit younger, much of it, which shows his extra experience.

Much of the issues dealt with the Eurasian land space, not totally, because if you look at trade and other issues. And now, when you think about relations with Europe, it is a question of how do you work with Europe on issues outside.

Now there are a few counter examples here. There is Russian and then there is the Balkans and others. But the real issue will be how do we deal with the other anxiety producing issue, the rise of China and Asia? How do we deal with these proliferation questions? How do we deal with global climate change and the energy (INAUDIBLE) of this trifecta of sort of national security, energy security and environmental issues?

That is the changing dynamism in the U.S.-European relationship, and at least from a slight pro (INAUDIBLE) U.S. point of view, I think one of the challenges also is, at the same time that Europe continues its internal effort to examine itself and consider the Constitution, it will also need to look at its global role.

And sometimes in the past, that has been hard when Europe is preoccupied with itself. I think it is moving in the direction that we have described. But so the challenge for the President would be how to make that work more effectively.



THOMAN KLEINE-BROCKHOFF, WASHINGTON BUREAU CHIEF, DIE ZEIT: So we have one question here and I would like to take one from over here.

VYACHESLAV NIKONOV, POLITIVE FOUNDATION, MOSCOW: One word about Munich. I don't think President Putin said anything in Munich which differed from say Hilary Clinton's criticism of the Republican Administration.

HOLBROOKE: That's just not true.

NIKONOV: I don't think there is a

HOLBROOKE: I don't want to debate it but it's not true. He said his position on Kosovo for starters and on Georgia and many other issues was deliberately provocative and he did it with the Secretary of Defense and a bipartisan delegation right in front of him. It was a very deliberate act. But I see no point in debating that.

NIKONOV: Well but that's how it is perceived in Russia. My question about, I'm sort of worried about this Russia U.S. relationship. We are also in middle of the election campaign and since we do not have wars in hand, America can well be the number foreign policy issue.

In Russian and also with negative connotation, America bashing is as popular politicians now as Russia bashing in the United States. Actually the problem is, it looks like that the campaign is a dangerous period for Russian American relations.

We are in the process of collision, should we think about some crisis management mechanism during the election campaign or we'll just muddle through. What do you think?

HOLBROOKE: We're in plenty of good communications with, between Washington and Russia. Your Foreign Minister was my counter part at the U.N., Sergey Lavrov, he's a fabulous diplomat.

There are good relations on a personal level between President Bush and President Putin. It's going to be in the actions. I think we can have a debate on U.S. - Russian relations but I don't see, I don't think we have much time left.

I would just say again, that for me, the test is coming up and it's the debate in the U.N. Security Council begins next week and what will Russia do when the Kosovo resolution comes down the pike with at least 11 votes in the Security Council.

Veto and cause another round of violence leading to war inside Europe, in the middle of all our other problems. Or be part of the International community, that's for me the first test.



ZOELLICK: Just a brief thing on it because I basically agree with Dick. But just I think you're right to be concerned about it and just to add on to this because we haven't discussed it in this context.

I am very concerned about the discussion about China. I think that was not an issue in 2004 and 2002 wasn't really as much as one in 2000. I think it's going to be more of an issue in this campaign.

But I think going back to Dick's point, you should take away the notion that I think most American policy makers and I know this is true for Senator McCain as well would like to have a constructive relationship with Russia. There's no desire to push it away.

We're not the one's calling for the third Cold War. We would like and we're trying to do that in economic terms and others to sort of draw the societies closer together. And at least some people recognize this has been an emotionally wrenching 15 or 20 years and try to give a little space.

But Russia's got to give us a little room too. Whether it's the Balkans issue or how you treat some of your small weaker neighbors you're threatening in different ways. That doesn't give a lot to work with.

And so we can try and I will try and I'm sure others will try, but for those of you in Russia, gee cut back on the belligerence a little bit.

KLEINE-BROCKHOFF: So for a non belligerent question.

JOHN: You can look at various polls from various polling organizations and they come up with a similar result and that is that global trust in the United States be it Europe, Asia, South America, Africa wherever is as low as it's ever been.

There are some polls which where 60, 70 percent of the people say the United States is the most dangerous country on earth. There's a new President on January 20, 2009 with a brilliant Secretary of State. What would the Secretary of State tell his President to try and reverse this trend?

UNIDENTIFIED PARTICIPANT: OK. Look I think Americans are troubled John by what you talk about, but I think at the end of the day there are different reasons in different countries. I mean for example, you left out India where there's a more positive view. Frankly I think there's a more positive view in China.

It's a little different picture in the Asia Pacific, but accepting your general point. Some of this is driven by the fact that the United States was seen as driving a war



UNIDENTIFIED PARTICIPANT: The United States was seen as driving a war and so, that's just something we're going to have to work our way through. Some of it is because we're a close friend of Israel and some of the countries in the Middle East will always dislike that position of the United States.

Some of this is because the irony is that while the United States is the strongest power in the world, it's acting in a very unusual way for a status quo power. It's been trying to change the system and move it in a more democratic direction.

So, I suspect that whether Republican or Democrat, there are going to be strong supporters of Israel. They're going to be trying to advance democracy, but perhaps in different ways. They'll probably be more cautious on the use of force issue going forward.

So what it will amount to, is ultimately, while there are certain things one can do in terms of behavior and discussions with people. I think whether Republican or Democrat, the President's going to be guided by their sense of what is in America's interest.

Now the tricky part there, John, is in where do you, how do you develop coalitions on some of these issues to work more effectively? And that I think that will be the greatest challenge for the next president.

KLEINE-BROCKHOFF: If I may, I want, bring if you like Senator Bennett in. What would in your view be the first item on the agenda in January 20th '09? No matter who will be the president.

SENATOR BENNETT: First, let me make it very clear, this is not okay. First, let me make it very clear I'm in the distinct minority in the Senate. I am one of the few members that knows absolutely that he will never be president of the United States.

America, if I could recommend a book to you all, it's by my friend Michael Mandelbaum and the book is entitled "The Case for Goliath" in which he lays down his view of America's role in the world post cold war.

And understand we talked this morning about globalization. Globalization in my view is the compliments of two very, very strong and irreversible forces, like two rivers that come down and then suddenly strike each other and roil until they merge down stream a way and the two forces are the coming of the information age, which is just as fundamental as the coming of the industrial age, except that it's happening ten times faster than the industrial revolution did.

And the geopolitical changes that occur at the end of the cold war which unleashed all kinds of new geopolitical forces that had been held down in the bipolar world. You have those two things clashing and almost by coincidence, America emerged as the super power.



At the time those two things happened. So you have a combination of various forces and in that kind of confusion everyone gets nervous because all the old guide posts are moving. All of the old touch stones are gone and you have to find your way in a brand new, brand new world, brand new situation.

So everybody feels uncomfortable, including the Americans. We've seen the example where the American economy for the three or four years has been very, very strong and all the polls say number one concern people have. Iraq rises and falls on that depending on the casualty reports.

The number one concern that they have is this bad economy. All of the, all of the, why do you think it's a bad economy, because I'm nervous. I might lose my job. My job may go to India. It hasn't.

Unemployment is at historic lows, but I have the nervousness that I might. So I would say to the President, your problem, picking a little bit from Bob Zoellick, your problem is helping people understand the new very challenging, very different world in which we all live. And there is a case to be made for Goliath and America is performing a very significant role in the world.

Read Mandelbaum's book and he describes it very, very well. And Mr. President, no this is not an endorsement of Fred Thompson. Mr. President, one of Ronald Regan's greatest strength was that he was trained as an actor and he knew how to communicate to people.

And I don't know how much rehearsal it's going to take, but you need to communicate not only to America, but hopefully to the whole world a sense of confidence about this uncertain future that we will somehow muddle through.

We'll get it done. America's on everybody's side to get it done and try to take the view from thirty thousand feet and bring the country and the world with you. And I think that would go the very best way to try to change these perceptions that are there around the world.

KLEINE-BROCKHOFF: OK. Thank you. I've been told that we're going to have to leave it there with this nervousness leading us up to 2008. It's still 17 months, one hour less now. Thank you very much for this wonderful discussion.

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