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## OCCASIONAL PAPER

# “Preparing for the Future: A New Transatlantic Agenda for the 21st Century”

Transcript of a Panel Discussion before the American Council on Germany  
and the LEVIN Institute featuring

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Chairman, Kissinger Associates  
Former Secretary of State

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German Foreign Minister  
and Vice Chancellor

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**Garrick Utley**  
**President, The LEVIN Institute**  
**Chairman, American Council on Germany**

Good evening, ladies and gentlemen, and welcome to this joint presentation of the American Council on Germany and the LEVIN Institute, part of the State University of New York. It's my privilege wearing two hats, as the Chairman of the American Council on Germany – Bill Drozdiak, our President; members of our Board – to welcome you, and as President of the LEVIN Institute of the State University, to welcome you here this evening.

This is a special occasion for more reasons than one. The times certainly are very interesting and dramatic; as the Germans would say, it's *hoch dramatisch heute*. You heard that the President is speaking tonight to the nation and that John McCain is proposing to postpone the foreign policy debate on Friday in order for him and Senator Obama both to be present in Washington for a possible vote on measures to be taken on the financial crisis. So developments are occurring even as we speak right now.

First, before we go on, let me just issue a special welcome to Frank-Walter Steinmeier, the Foreign Minister of the Federal Republic of Germany, the Vice Chancellor in the government in Berlin of the Federal Republic – and who a few days ago was named by his party, the Social Democratic Party, to be its candidate in the upcoming elections in 2009, for the chancellorship of Germany. *Herr Bundesminister*.

Dr. Henry Kissinger needs no introduction – a member of our Board at the American Council on Germany, advisor to world leaders. Yesterday I was present at a luncheon when he was introducing the Prime Minister of China, Prime Minister Wen, and those who saw *The New York Times* this morning see that he has added another member to his clients, Sarah Palin. He was consulting with her and advising her. We will not ask you to go into details on that. But Dr. Kissinger, as always, a special pleasure to have you with us today.

And General Brent Scowcroft, so well-known to anybody involved in foreign affairs leadership in the United States, national security affairs – National Security Advisor in the administrations of President Ford as well as George Bush Sr. And as I think all of us know, he played a central role amongst other major international issues in the process following the fall of the Wall in 1989, the unification of Germany. General Scowcroft, Brent, thank you for being with us this evening.

At the ACG, Bill Drozdiak and I and our staff and our Board of Directors, as well as here at the LEVIN Institute, have been really very busy these last years, as all of us have been, in sort of redefining what are the issues of globalization. The Institute itself is about key aspects of globalization. The American Council on Germany can no longer just focus on U.S.-German relationships, although that is obviously priority number one. We have to take in the European context, the transatlantic context – indeed, the whole global context of life today.

So I thought we would start this evening with some questions, a discussion among the panelists, and then we will have a free discussion with those of you with us, and we will have a reception afterwards, and you are invited to partake in that.

*Herr Bundesminister*, could you take a moment or two and give us your thoughts as to the kind of world we are living in today? We are in the 21<sup>st</sup> century, but there are issues now with us which are very much 20<sup>th</sup>-century. There are some financial questions with us that were very much part of the 19<sup>th</sup> century and before. So when you look at the world, from your perspective, what do you see?

**Dr. Frank-Walter Steinmeier**  
**German Foreign Minister**  
**and Vice Chancellor**

First, a heartfelt thank you to everyone who was responsible for inviting me here today. I am happy to be here.

Second, if I counted correctly, this is the 16<sup>th</sup> or 17<sup>th</sup> appointment I have had today. But, I promise you I have enough stamina and concentration to closely follow the questions you may have and – hopefully – to answer them as well.

Third, I can tell you that globalization and the impact of globalization were the focus of this year's UN General Assembly, but at this year's General Assembly – as with almost all previous General Assemblies I have attended – the core topics of discussion emerge beyond the planned agenda. This year, in the official meetings and in the hallways, there was really just one topic of discussion. It was not the Third World. It was not the question of access to water. It was also not the catastrophic food shortages. Rather, it has been the crisis on the international financial markets.

There is no continent which is not at least somewhat afraid that the financial crisis will have a negative impact on its own markets. We are all closely watching the current debate here regarding the rescue plan. We were able to follow developments last night on television and in the U.S. Congress regarding Congress' reaction to the rescue package which the Treasury Secretary just put together.

This morning I was able to speak at length with CEOs on Wall Street. I think most of them see it as I do: In the end, there is no alternative to the rescue package – regardless of whether or not there are certain conditions attached to it by Congress. The U.S. financial market needs this rescue package, and those of us who are watching the developments hope that the rescue package will have a positive impact.

With regard to my view of the world which I was asked about, I would like to begin by mentioning a book which – at least in Germany and other German-speaking countries – has enjoyed good sales in the past few years, which was written by a young Austrian named Daniel Kehlmann and published four years ago. It is called *Measuring the World*. It is a double biography of the mathematician [Carl Friedrich] Gauss and Alexander von Humboldt. And, he describes a situation in which, at the end or the middle of the 19<sup>th</sup> century, academics and scholars tried to explain the world based on new criteria.

I am using this to segue into the discussion because I think that at this moment we are also in a situation where we need to “re-measure” the world. The patterns of the Cold War have faded. With the fall of the Berlin Wall and with the dissolution of the Soviet Union, the old framework for foreign and security policy does not apply anymore. And, we have to cope with new power relationships from emerging economic powers – including China without a doubt, and India meanwhile as well, and perhaps even a revitalized Russian economy. We can already anticipate – and I spoke with Henry Kissinger about this recently in Berlin – that with their growing economic role, these countries will demand a greater political role as well. Therefore, we have no alternative other than to use the – sometimes incomplete – tools which are available to us in the realm of foreign and security policy to include these fledgling economies with increasing economic influence and greater political aspirations in an international global partnership.

In order to do this, we need new structures in international organizations. I do not think it is a coincidence that during this particular General Assembly – for example, in the speech given by Nicolas Sarkozy – there has been an intense discussion regarding whether, for example, the old G8 format is still adequate. Instead, perhaps we need to include some of the emerging economies in the international fora and require them to show higher levels of responsibility.

It is necessary to discuss this, but it is particularly difficult for us to do so at a time when we find ourselves in the midst of a crisis in the Caucasus – rather than post-crisis. I think that we will be dealing with the consequences of this conflict for a long time. If one just considers the news this week: The G8 meeting with Russia was canceled as a result of the conflict; the 3+3 meeting on Iran was canceled. One can see from this how critical the consequences can be. There will be no alternative to reestablishing the opportunities for discussion which existed in the recent past during the coming weeks and months. We simply cannot afford not to have G8 meetings or 3+3 meetings regarding Iran. On the contrary, the lack of discussion which is currently emerging is an additional risk in this increasingly complex world of the past few years. Therefore, it is not just important to resolve the conflict in the Caucasus, but we must move forward and get through this crisis and find a way to establish a new responsibility, not only for Russia but for other emerging countries, like China and India. That is hard enough, but it will be the task for the future.

In my own speech before the General Assembly this coming Friday, I have a sentence which – at first glance, at least – no one can really disagree with: In the 21<sup>st</sup> century, we are probably living in the first century in which the current global challenges can only be solved through collective action. Such challenges include climate change, energy dependence, scarcity of resources, and many others. In my speech I will use this sentence. I will say that we live in a century when we can only meet these challenges together. As a result, we cannot afford to let the international organizations which were necessary in the past become weak or die off. On the contrary, we have to strengthen them and allow them to have a greater decision-making capability.

I do not want to go into detail regarding the impact of the financial crisis in my opening remarks. I think that we will come back to this topic in the discussion. The time allocation was six minutes. I have spoken for seven. I respectfully ask for your understanding. Thank you.

### **Garrick Utley**

Thank you very much. Dr. Kissinger, let's turn to you, because the Minister used a phrase from this book about new ways of measuring the world, and most of the 20<sup>th</sup>-century balance of power was determined by military power, political power, and yes, economic power. Now we are seeing questions about the financial power. When you look, whether it's at the transatlantic relationship or America's position in relationships with these emerging powers – India, China, etc. – to what extent do you see the immediate crisis we're going through right now, and what its results or aftershocks may be, influencing, affecting our standing in the world, which translates into political power, etc.?

### **Dr. Henry A. Kissinger** **Chairman, Kissinger Associates** **Former Secretary of State**

When the Minister told me that he had six minutes to cover the world, I wondered what he would do in the extra time that would be left.

Let me make a few general observations:

First, I think a fundamental problem in global structure is that the political organization of the world and the economic organization of the world are not coherent. The economic organization of the world is globalized and was until last week, at least, operating according to principles that in itself did not respect national borders and, therefore, you could have fundamental effects on nations that were caused by decisions that were made on a transnational basis.

The second major impact of the last week or so is that the United States, at this moment, is without a theory for operating in this world, because for decades we have been lecturing the world on the importance of free markets, on the desirability of closing banks that were in trouble, and of going through the penalties

of economic crisis as a means of recovery. We have now experienced in ourselves what some of us were saying with respect to the Latin American debt crisis and other debt – when people suffer, they ask their government for assistance. That's the political expression that they have. And if governments cannot help, then there is a domestic crisis caused by global conditions. So one of the necessities is to bring the political approaches of the world and the global approaches of the world into some coherence with each other. This is a task that we cannot pursue alone, which by definition requires the participation of other countries.

Another aspect is that the nation-state as we have known it is in a process of disintegration in many parts of the world, except in Asia. In Europe, by the decision of governments, Europe has created, if you'll forgive me, the problem that the nation can no longer ask for the sacrifices that it used to be able to ask for. Nor can the European Union, because it has not yet reached that point. So this is a challenge that Europe has. In the Middle East, the nation-state is also under attack. In Asia, it is highly developed. So there are different organizations of regions.

When one asks what will China and India do, yes, they will want to have a greater influence. But one of the fundamental conditions of our period is that war as we have known it is increasingly hard to conceive and is no longer the instrumental policy that it was in the 19<sup>th</sup> and early 20<sup>th</sup> centuries. So how you move toward constructive solutions when there is no longer the possibility or incentive to pose risks that existed previously is another challenge.

I totally agree with what the Minister said, that there is a series of problems that can only be dealt with on a global basis, and for which no global, well-designed mechanism exists – climate change, environment, energy, and nuclear proliferation. So this is a period in which both economic and political structures, and even more concepts, are in transformation. And I don't know why anyone wants to be head of a government under these conditions.

**Garrick Utley**

General Scowcroft, picking up on those thoughts, your observations as to where we are in this world today, and what the immediate events of the financial situation could be.

**Lt. Gen. Brent Scowcroft, USAF (ret.)**

**President and Founder**

**The Scowcroft Group**

Well, I suffer from the fact my translator cut out about 60 percent of the time, so I didn't hear a great deal of what the Foreign Minister said.

**Dr. Frank-Walter Steinmeier**

I will start again.

**Lt. Gen. Brent Scowcroft, USAF (ret.)**

Let me just add to what I think I've heard. I think we're now at a moment of historical discontinuity, really, to be marked by the end of the Cold War. The world of the Cold War and the world we're going through now are so fundamentally different that it's hard for us to grasp.

Just a few things – and they have been alluded to.

The nature of sovereignty, globalization is eroding national boundaries. The state's going to provide for their citizens the way they used to. They have to reach out to deal with so many other problems, whether it's energy, whether it's climate change, whether it's health. And also information technology.

For most of the world's history, the average citizen, the average person in the world knew what was going on in his own village and maybe the next village. Now everyone knows what's going on around the world and they react to it. So we're living in a world that is politicized now to a degree that it never has been.

The nature of power, partly because of globalization, is changing. We talk about rising powers, but power doesn't mean the same thing as when you read the textbook; these are elements of national power. At the end of the Cold War, the United States had those elements to a degree probably never seen since the Roman Empire. And what has it gotten us in terms of the ability to exercise our will and influence? Not very far, as the last eight years have shown.

So we're trying to deal with a world that's fundamentally changed, with the habits of mind which still go back to the days of the Cold War, and with institutions that were built for the Cold War or even before. And among those pertinent to our discussion today are NATO, which is a wonderful military alliance, but the purpose for which it was built no longer exists, so how do you use that? The United Nations was constructed in a world which has vanished, and yet, badly as it's needed in a globalized world, I would say if we didn't have a UN now we couldn't create one in the world today.

So I think we're grappling with unknowns to a degree that this world hasn't seen for a long time.

### **Garrick Utley**

To follow up, Minister Steinmeier, it's been observed that Americans, what they call the Anglo-American economic model, is about the free market system. In Germany, all parties – Christian Democrats, yours, Conservatives, left of center – talk about the social part of the economy. It is a big difference in many ways between the free and the social. There's another word in German, which is *Schadenfreude*. I don't need to translate that. A lot of people in Europe are saying, OK, Americans, we told you so, and look where we are today.

To what extent do you think this is going to be a factor affecting the transatlantic relationship, between Europe, between Germany and the United States, now that this economic, financial-economic model has been called into question?

### **Dr. Frank-Walter Steinmeier**

Well, if there is one thing which I cannot recognize in Germany and in the European discourse over the financial crisis, it is *Schadenfreude*. This has a simple reason: At the moment, the fear is too great that the negative developments in the financial crisis in the United States will have more significant effects on European financial markets than previously anticipated. That is why I stated earlier that the Europeans – and specifically we Germans – have a great interest in the successful passage of the rescue package and that its positive effects are felt soon.

With regard to the different economic models and the philosophies behind them, I don't know if any of the preconceived notions will change as a result of this crisis. But, maybe we should be satisfied that even in the midst of such a crisis, there is a significant amount of reflection on the situation – as I mentioned this morning after my visit to Wall Street. Reflection on whether or not the apparently irreconcilable philosophies of market regulation on the one hand and a market which is completely free of regulation on the other will be as far apart to this degree in the future. I was surprised that the CEOs of Wall Street told me this morning that if one looks at the source of – the reasons behind – the financial crisis, then one will see that they came from the non-regulated segments of the financial market. For us Europeans, that is a very surprising statement, because this would mean that the willingness to regulate markets in the United States is significantly stronger than we had previously thought. I can say this based on my own experience as a member of the German government. When we launched international discussions under the auspices of the G7 and the G8 frameworks, we established that we need greater transparency of the financial markets, we

need a control mechanism and a consumer protection system for new products on the financial market, and we need provisions for the liquidity of banks with their own capital. That was inconceivable two years ago.

After all of the conversations I have had here this week – the night before last, I spoke with a group of financial analysts and banking experts – I am convinced that this crisis, which is hopefully not an insurmountable crisis, will lead to new opportunities for interaction on an international level. We will really have a chance to engage in a discussion regarding the necessary level of regulation on the international market and come to a conclusion. That will not happen from today to tomorrow. It will also not happen within two weeks. But, I think this crisis has created a new awareness of the risks. It has also created awareness among politicians that we need to protect consumers and borrowers more than we have to date. Hopefully a productive new set of international regulations can be developed as a direct result of this crisis.

### **Garrick Utley**

And I'm sure that's going to be subject number one in your political campaign in 2009 the way it is in our presidential campaign in 2008.

### **Dr. Frank-Walter Steinmeier**

I do not think that detailed questions concerning the financial markets will play much of a role in the current presidential election campaign. What is having an impact is a feeling of insecurity on the part of the voters. If I am reading the current figures correctly, I understand that the insecurity on the part of citizens has a negative impact on those who currently carry political responsibility, and that would be the same in any country where there are democratic elections. But, I do not think that one can campaign by making demands for rules governing the financial marketplace. I think that is true here in the United States and in Germany.

### **Garrick Utley**

Dr. Kissinger and Brent Scowcroft, let's move on to some other key topics. In recent weeks we have seen the conflict between Russia and Georgia, which has really raised new questions about the relationship, the possible, the desirable relationship between Russia and the West – the United States-Russia, Germany-Russia, Europe-Russia. Are we going back to 20<sup>th</sup>-century, even 19<sup>th</sup>-century East-West divisions or at least tensions here? And what should be the proper policy or approach that the U.S. and Germany should be taking?

### **Dr. Henry A. Kissinger**

At least two questions in connection with Georgia: one, the intrinsic issue that produced the crisis; secondly, the long-term relationship between Russia and Europe, and Russia and the Atlantic alliance. The Caucasus has been a passionate area of inscrutable conflicts for a long time. And to explain the complexities of South Ossetia and Abkhazia to the American public is not a task that our leaders have undertaken in the past, nor is it a problem that should preoccupy us as the principal test of the Russian-American relationship. I think the six points that President Sarkozy has put forward are the reasonable way of proceeding on this issue.

Now, relationships between Russia and the West – the Russia of today is not the Soviet Union. It has long, very vulnerable frontiers in almost every direction. It has a declining population. So its realities – it is a great producer of energy, but so is Saudi Arabia. And so one should deal with Russia – which is a significant, important country, but in my view not a global threat – from the point of view that at some point in the predictable future, a new relationship should evolve that takes account of the problems we discussed here, and I would regret it if the pattern of discussions returned to the maxims of the Cold War.

**Garrick Utley**

Brent, could you follow up on this with your thoughts about the relationship with Russia, but also perhaps look at what some Russians have said, that they have been pained by what they say is humiliation, the American push to set up missile sites in various central European countries, not aimed at Russia, but allegedly at Iran, potential threats from there? Has the West overplayed its hand here? Do the Russians have a case to make?

**Lt. Gen. Brent Scowcroft, USAF (ret.)**

I wouldn't put it in those terms, but I think that certainly is something we need to examine. I would say, first of all, that we the United States, and we the Atlantic community, have never really developed a strategy for the Russia which emerged from the Cold War. Did we want to democratize Russia? Did we want to build a *cordon sanitaire* around them so they couldn't break out again? Did we want to cooperate on issues like energy? Did we want to cooperate on global hotspots? We never really resolved those issues. So we did a little of everything. But the effect, I think, was the sense, especially by the United States, that the Russians didn't really matter unless we wanted them for something in particular.

So if we listen to what Putin has said, he's said, when we were flat on our back at the end of the Cold War – and we have to realize what a humiliation for the Russians the end of the Cold War really was, followed by an economic collapse which left Russia politically and economically bankrupt – when they were in that position, Putin said, you took advantage of us, you pushed the borders of NATO up against us, you denounced the ABM Treaty, you did a lot of things because you could and we didn't matter. Now, we have regained our strength and we're not going to put up with that anymore.

Now, if you look at it from their perspective and use Kosovo as an example, what the West has done in Kosovo from the time we started bombing Serbia in '98, '99, through to the recognition of Kosovo independence, was anathema to the Russians. They warned us over and over again, don't do that, it's just like South Ossetia, and we said no, of course not; Kosovo's unique. But from their perspective, they are doing just what we did in Kosovo.

And so I think we need to step back from this. We need to understand that Russia is probably going through a lot of internal turmoil. Look at the difference between Gorbachev, Yeltsin, and Putin. We don't know Medvedev yet enough now, and their concept of what Russia will be. They are all very different.

So I think we need to be more tolerant and patient. I don't think this is another Cold War.

**Garrick Utley**

Let me just push this one step further. Should Ukraine become a member of NATO?

**Lt. Gen. Brent Scowcroft, USAF (ret.)**

Eventually, I think, but to me the issue of Georgia and Ukraine is primarily, at this point, an issue for the EU, not for NATO. NATO is a military alliance. It is not designed to modernize states. The EU does that with new members. They send teams in. They develop infrastructure. They develop the economy, procedures, and that's what we ought to do with Georgia and Ukraine right now.

**Garrick Utley**

Minister Steinmeier, would you continue on this line – Germany's position, as Foreign Minister, you can articulate this, vis-à-vis Russia in general, Europe and Germany's dependence on Russian oil and natural gas, and the question of Ukraine. Because there are many critics outside of Germany who say, well, the Europeans in general are being too weak, a bit naïve about Russia. How do you view it and how would you explain it to people?

**Dr. Frank-Walter Steinmeier**

Unfortunately, I have heard this argument quite often, and it is wrong – essentially wrong – in how it describes the German position. Perhaps I can begin by saying that I spoke with the Ukrainian President, Viktor Yushchenko, this afternoon. The country is in a difficult situation – not only because of its divided opinion toward NATO (currently roughly 30 percent of the public in Ukraine are in favor of NATO) but because of divided views toward the West in general. For the past eight months, this country has been in a sort of standoff between those who tend to be pro-Western and those who tend to be pro-Russian. This division may result in early elections. In these early elections it is possible that the position toward Ukraine's membership in NATO will shift in Ukraine. Therefore, with a view to Ukraine and NATO membership, we must see how things play out in the coming weeks and months.

Independent of this, it is our responsibility to contain the crisis which is currently going on in the southern Caucasus – and which is not over yet – so that it does not spread to neighboring countries. In other words, we have the responsibility to check Russia's ambitions as they have manifested themselves in Georgia so that there are not further incidents in countries such as Ukraine. Therefore, we have to be careful regarding public statements, like the one made by the Mayor of Moscow, Luzhkov, that the Krim is not part of Ukraine in the long term. Such statements cannot become part of Russia's official foreign policy.

With regard to Georgia: As you may have seen – even here in the United States – during the first phase of the conflict, I said that we have to figure out who was responsible for the escalations which led to the war, but that is not of essence in a phase when people are suffering. In a phase when people are dying, losing their homes, or needing to leave their homes, the international community must offer help. We have done that. We are now in another phase – and that is what your question is homing in on – in which we need to define how the EU and the German government develop their relationships with both parties to this conflict: to Georgia on the one side, and to Russia on the other. When I consider this phase, then it is not unimportant to know who was responsible for the escalation and the outbreak of war. That's why I am among those who have suggested that we launch an international inquiry into the escalation in early August. And, if I see it correctly, both sides, Georgia and Russia, are open to such an endeavor.

Why do I suggest such an inquiry? Because – and this is related to what Henry Kissinger just said – my future foreign policy is not based on press releases or press statements from the EU from the first days of this crisis. Rather, the future policy toward Georgia and Russia must be based on, firstly, the level of protection we need to offer Georgia and, secondly, what are our interests and – as a result of these interests – what is the possible foreign policy position we can take vis-à-vis Russia.

Russia, and I need to be clear on this, is in the immediate European neighborhood. As such, it has a significant influence and cannot simply be ignored. Perhaps this is a different perception from the one you have here in the United States. Russia is present. Russia has influence. Russia uses this influence. In Europe, we simply cannot ignore Russia. This is why I advocate testing what might be possible with Russia after this conflict between Russia and Georgia. We see this – and I can tell you this – not solely through the lens of the energy economy that connects Europe and Russia. I might add – and this may come as a surprise – that this connection is not as strong between Germany and Russia as it is between other European countries and Russia.

As you know, there are many European partners which are 80 to 90 percent dependent on Russia for natural gas. In Germany, we receive 30 to 35 percent of our natural gas from Norway, 40 percent from Russia, and the rest from other sources. In this regard, in the last years and decades we have taken care to diversify our energy sources. We are now using our technological abilities – as you do in the United States – to reduce our dependence on fossil fuels in the coming years.

Let me add one thought: This is one of the many reasons why I have repeatedly spoken about the necessity of a renewal of the transatlantic agenda.

The transatlantic agenda – and many of you I see at the annual Munich Security Conference – is largely dominated by foreign and security issues. Some would say this is with good reason. Considering my opening remarks, I hope it is clear to many of you that security in the future is also influenced by how we collectively meet the challenges such as energy, climate change, and disarmament and arms policy. Therefore, I believe that these three issues are the top priority for the transatlantic dialogue. This does not mean that the NATO question you raised is less important, but I believe that we in the transatlantic community must also focus on the topics which can be the source of new conflicts in the future – even if they are not the source of conflict at this time.

### **Garrick Utley**

We're going to take questions from the audience now. We have talked about the financial situation, the new world order that is emerging, the emerging powers of India and China. We have talked about the relationship with Russia. The Minister just brought up, of course, environmental and energy questions. These are all on the agenda, disarmament, etc. And we may come back to some of these again, just at the conclusion at 6:30. We'll start right here.

**Audience member:**  
**Florian Strassberger**  
**General Manager**  
**DZ BANK AG**

We heard a lot about the internationalization of the economic sphere today, and on the other hand, if you compare it to the political sphere, I think we have a system of several tiers of foreign policy, national secretaries of state, the European organizations who take care of international or foreign policy, and supra-national organizations. And there was mention that there's a certain mismatch between the globalization of the economy on the one hand and still, to some degree, national foreign policies. Now my question, Minister Steinmeier, would be, do we need new international organizations to take care of foreign policy? Do we need a new United Nations? Or could we still do with the existing institutions? Do they merely need a revision? I think it was Mr. Scowcroft who mentioned that many of our organizations were constituted in the time of the Cold War – are they still working? Could they still be made to work better?

### **Garrick Utley**

And if so how, I would imagine. Do you want to answer first, *Herr Minister*?

### **Dr. Frank-Walter Steinmeier**

This is one of the most interesting questions in foreign policy today. Perhaps Brent Scowcroft is right. If the United Nations had not been created after the Second World War, then it is doubtful that it would be created today – and certainly not in this form. The creation would doubtless be accompanied by difficulties.

I do not know if we need other international organizations, because we cannot explain away the problem that we have with the current constellation of the UN. Simply put, the UN as currently organized naturally – and this is not a criticism but is historically understandable – is a reflection of the postwar geopolitical balance of power. This is reflected, for example, in the distribution of seats on the Security Council. This distribution of power has led other countries – and particularly the emerging economies – to feel inadequately represented. Therefore, there is a significant debate over the reform of the UN and of the UN Security Council – even if not much progress is being made. In all of these questions, the focus is on those countries which do not feel adequately represented within the UN institutions. In other words, the issue has been recognized, but we are faced with a daunting task – about which Ambassador [Thomas] Matussek and others could write volumes – of changing the system. But, in my opinion, these changes are absolutely

necessary in order to maintain the United Nations' legitimacy as the most important multilateral organization.

Since this is a longer process, perhaps it is easier – and I don't know what Henry Kissinger might say to this – to think about the weak legitimacy of the UN and the difficulties associated with strengthening its legitimacy which we are currently being confronted with, and open other fora such as the G8 to include other countries which play an important role in the world even if they are not represented there.

### **Garrick Utley**

This question is a very pertinent question. Dr. Kissinger and Brent Scowcroft, perhaps just a certain amplification. It's not just the UN, IMF, World Bank – traditionally they're the club; an American heads the World Bank, a European heads the IMF. The G7 became the G8. Should it be the G20? We're at that point right now where this question cannot be ignored. We understand the bureaucratic and the institutional obstacles there. What can be done?

### **Dr. Henry A. Kissinger**

The problem with the enlargement of the UN Security Council is this. The Foreign Minister is absolutely correct that the conversation with the Security Council as it is reflects the postwar international order and not the current realities. And it makes sense to include countries like Germany, Japan and India, Brazil. One can imagine the key countries that should be represented. But this will raise, inevitably in the United States, the issue of the veto. And one then either has to create two classes in which new members do not immediately have the veto – which, I think, has been a German proposal at one time – but I do not imagine for any foreseeable future that America will give up its veto on security issues. That is a fact of life, and we have to keep that in mind.

I think reforming the World Bank and the IMF to be more representative should be relatively easier. The concept, though, on which the system operates – I used to write articles about the IMF approach to Latin America, saying that the political demands of the economic system are unbearable for the political system. Therefore, one should take account of the relationship with the economic system. And so how to balance the increased need for regulation against the also important need to retain initiative and incentives – that needs a conceptual answer. And so I think the G8 needs a smaller format.

Now I was present at the first meeting of what is now the G8. That was confined to three members on each side, and if you read the papers today, including the German papers, these were really thoughtful presentations. Now, these meetings have a heavy public relations component and make it much harder to discuss the elemental questions which you raised.

Another problem that has arisen is that non-state organizations like, say, the research organizations of transnational groups may have better staffs than the policy planning staffs of some of the medium-sized countries, or how to get long-range thinking to answer the questions which were raised here, is one of the chief challenges of our period.

But I think we all agree that some institutional reform is necessary. We all agree that conceptual reform is necessary. That also makes this an exciting period if we can avoid the immediate potential for catastrophic outcomes. And that, I think, is something that will preoccupy us for a while.

### **Garrick Utley**

After the 20<sup>th</sup> century, as mainly just a footnote about European or Western dominance in so many fields, an interesting question is going to be, as rising nations – Indias, Chinas of the world – demand more seats at the table, whether we in the West, in the United States, psychologically are prepared to see it or share that power. And that's going to be, obviously, a major issue on the agenda. Next question.

**Audience member:**  
**ACG Board Member Joseph McLaughlin**  
**Partner**  
**Sidley Austin LLP**

Mr. Foreign Minister, I don't know the American Ambassador to Sweden, but I understand he's a nice fellow .... He gave a speech recently in which he expressed some mild criticism of the pipeline in the Ostsee, and that seems to have provoked a very adverse reaction from Berlin. Why is this a topic that the German government doesn't seem to like to talk about or have others talk about? ....

**Dr. Frank-Walter Steinmeier**

First off, this is a private project, and not a project of the federal government. Second, I do not think we are required to keep silent about this pipeline project. On the contrary, we seem to talk more about this pipeline for political reasons than we would sometimes like. The reason for this is that the path of the pipeline is somewhat controversial. Why is it controversial? Because in the past we negotiated long-term European-Russian infrastructure connections – including pipelines. These pipelines will continue to be of importance. The pipelines which exist and/or are planned via Belarus and Ukraine, which continue on through Poland, will be necessary in the dimension which has been outlined and agreed upon.

The idea of a Baltic Sea pipeline was conceived in the '90s, when the EU was experiencing economic growth and the increasing importance of natural gas to produce energy. It was calculated that the EU member states would require an additional 300 billion cubic meters of gas annually until 2030. The Baltic Sea pipeline has the capacity of roughly one-sixth of this amount. So, even if this pipeline is built, other pipeline connections will be necessary in order to fulfill the natural gas needs of the European Union.

Furthermore, it is my understanding that U.S. companies are also negotiating with Russians about the development of the Shtokman field north of Russia in the Barents Sea, one of the world's largest natural gas fields. In this regard, there is also a political argument: Given the U.S. interest in the region, we do not quite understand why the U.S. Ambassador to Sweden criticizes the economic and energy relationship between the EU and Russia while at the same time negotiations are taking place between U.S. companies and the Russians about further development of the Shtokman field. That is the reason why in Europe there was a little consternation over the statement made by the Ambassador.

**Garrick Utley**

OK. We have time for another question. The other side – over here, please. Yes, go ahead.

**Audience member:**  
**Ambassador Alfred H. Kingon**

My question is, in a few months we will have a new American administration. What steps would you like the President and his administration to take almost immediately to improve the transatlantic relationship?

**Garrick Utley**

Brent, let's start with you. You're in the White House. In the wisdom of either McCain or Obama, they have chosen you as National Security Advisor – the third presidency you've worked for. What would you advise the President?

**Lt. Gen. Brent Scowcroft, USAF (ret.)**

I think the first requirement is to deepen the dialogue in the north Atlantic community. We don't have nearly as much as we need. In the Cold War it was frequent, sometimes almost incessant, in the councils of NATO; for example, the permanent representatives of NATO used to have strategic discussions that involved the government. We are much more distant than that. But I think, fundamentally, there are two

things we need to do. One, we need to talk about NATO – Europeans, United States – what's NATO for? What can we use it for? How can we support it? And secondly, what do we do about Russia? What is our goal with respect to Russia? And let's get a common view and work so that Russia naturally gravitates in its evolution, to become a member of Europe and not free-floating.

**Dr. Henry A. Kissinger**

Could I make a point? There has to be a certain limit to American masochism. Not everything that is wrong in the world is America's fault. And, secondly, I don't think relations between America and Europe are all that bad. They are bad in the media and they were bad in the first administration, in the first term of President Bush, but I think that on the governmental level, it's my impression, consultations are pretty intensive on the day-to-day issues. What has not received enough attention is the long-term issues, how do we see the structure of NATO? Where do we want to go in the relationship with Russia, and is that a common problem or a differential problem in which Europe and America pursue different causes? What's the relationship between the military and the political aspects? These are all important questions, but they have not really been sources of tension so much as certain neglect. And I don't agree with the common perception that America's relations with Russia were good before the Georgia thing, with China they're good, with India they're good, with the European governments they're reasonable. The world is changing dramatically and we have to give a new context to it. And I think it ought to be looked at in this context.

**Garrick Utley**

Minister Steinmeier, a chance to sum up. You've heard what your colleagues here say about the American vision vis-à-vis Europe. Tell us about your vision of America.

**Dr. Frank-Walter Steinmeier**

If these two gentlemen are among the advisors to the President, I am not at all concerned about the future of German-American or European-American relations.

We recently held a European Foreign Ministers conference in Avignon, a charming town. Twenty-seven EU Foreign Ministers assembled and the discussion began similarly to here. I then said, why should we wait until the new U.S. administration has taken office? Why don't we suggest – from our European perspective – what we desire from the United States? Our expectations. Where would we like to see a stronger collaboration with the United States?

It will not come as a great surprise to you that the topics I mentioned before as the key issues which belong on a new transatlantic agenda are the same ones which the European Foreign Ministers highlighted as areas where they would like to see far greater cooperation with the United States than we have today. In other words, in addition to the security issues which we regularly discuss, we need to explore important questions such as how we can combine the technological abilities of the United States and Europe in an effort to quickly reduce our collective dependence on fossil fuels.

The bottom line is that it does not make sense to stand by and wait. We Europeans need to figure out the areas where we want to work more closely with the United States. And I agree with Henry Kissinger when he says that not everything which is going wrong in the world is the fault of the United States – or the result of actions taken by the United States. Rather, the world has become more complex, and we need to develop mechanisms for communicating with the United States and for developing common approaches and positions. In areas where it has been difficult to find common ground in the past, I hope there will be an improvement moving forward – regardless of who wins the election.

One key topic is the question of disarmament and arms policy. In my opinion, we are in a period in which the disarmament framework of the last 30 to 35 years is breaking down: We are not able to push through the much-needed reform of the Nuclear Non-Proliferation Treaty. The Strategic Arms Reduction Treaty is

in a crisis. There is a moratorium of the Conventional Forces in Europe Treaty, Dr. Kissinger, and neither side – East or West – knows quite how to end the moratorium and apply the treaty. I am convinced that we cannot just let these open issues rest. We need to develop a new disarmament initiative. Ideally, this initiative would be one which has the support of the West. A new disarmament agreement is a prerequisite for greater stability and security.

**Garrick Utley**

Thank you very much. Mr. Minister, we are coming to the end of our session, and I think it's interesting, in your comments here, as well as your colleagues' on the panel, that we have talked mostly about the transatlantic relationship, and the new issues which are common issues, energy, environment, which are going to be there. But we all know – and I'm sure that preoccupies your days, too – it's the relationship between, as somebody said, the West and the rest. How does Europe, how do the industrialized nations, including Japan, North America, handle this agenda with the emerging powers and the shifting balances of power, however you might want to define that? That is what we are really about here at the Institute. I know Bill Drozdiak and the team at the American Council on Germany, we're broadening our perspective, too.

Thank you very much for your time, and a good round of applause for our panelists.



## Speaker Biographies

**Dr. Henry A. Kissinger** was sworn in on September 22, 1973, as the 56th Secretary of State, a position he held until January 20, 1977. He also served as Assistant to the President for National Security Affairs from January 20, 1969, until November 3, 1975. In July 1983, he was appointed by President Reagan to chair the National Bipartisan Commission on Central America until it ceased operation in January 1985, and from 1984 to 1990, he served as a member of the President's Foreign Intelligence Advisory Board. From 1986 to 1988, he was a member of the Commission on Integrated Long-Term Strategy of the National Security Council and Defense Department. He is currently a member of the Defense Policy Board.

At present, Dr. Kissinger is Chairman of Kissinger Associates Inc., an international consulting firm. He is also a member of the International Council of JPMorgan Chase & Co.; Chairman of the International Advisory Board of American International Group, Inc.; a Counselor to and Trustee of the Center for Strategic and International Studies; an Honorary Governor of the Foreign Policy Association; and an Honor Member of the International Olympic Committee. Among his other activities, Dr. Kissinger is a member of the Board of Directors of ContiGroup Companies, Inc., and a Public Sector member of the United States Olympic Committee. He is also an Advisor to the Board of Directors of American Express Company; a member of the Advisory Board of Forstmann Little and Co.; a Trustee Emeritus of the Metropolitan Museum of Art; a Director Emeritus of Freeport-McMoRan Copper and Gold Inc.; a Director of the International Rescue Committee; Chairman of the Eisenhower Exchange Fellowships; and a member of the American Council on Germany's Board of Directors.

Among other awards, Dr. Kissinger received the Nobel Peace Prize in 1973; the Presidential Medal of Freedom (the nation's highest civilian award) in 1977; and the Medal of Liberty (given one time to 10 foreign-born American leaders) in 1986.

**Lt. Gen. Brent Scowcroft, USAF (ret.)**, has extensive foreign policy and national security experience in both the public and private sector. He is the Founder and President of The Scowcroft Group, Inc., an international business advisory firm. Previously, he was National Security Advisor to President Gerald Ford and later to George H.W. Bush. He also served as Deputy Assistant to the President for National Security Affairs in the Ford and Nixon Administrations. From 1982 to 1989, he was Vice Chairman of Kissinger Associates Inc. Throughout his long military career, he held positions on the Joint Chiefs of Staff and the Office of the Assistant Secretary of Defense for International Security Affairs.

General Scowcroft is also the Founder and current President of The Forum for International Policy, a nonprofit foreign policy organization. He is a member of the President's General Advisory Committee on Arms Control, the President's Commission on Strategic Forces, and the President's Blue Ribbon Commission on Defense Management. General Scowcroft also serves as a Trustee of numerous corporate and nonprofit organizations, including the Gerald Ford Foundation, the George C. Marshall Foundation, the Center for Strategic and International Studies, and the American Council on Germany. Additionally, his book *America and the World: Conversations on the Future of American Foreign Policy*, written along with former National Security Advisor Zbigniew Brzezinski, was recently released.

**Dr. Frank-Walter Steinmeier** has been the German Federal Minister of Foreign Affairs since his appointment in November 2005, and Vice Chancellor since November 2007. Prior to his appointment as Foreign Minister, he served as Head of the Federal Chancellery (1999-2005). Earlier in his career, Minister Steinmeier served as State Secretary in the Federal Chancellery and Commissioner for the Federal Intelligence Services (1998-1999), State Secretary and Head of the State Chancellery of the State of Lower Saxony (1996-1998), and Head of the State Chancellery department responsible for policy guidelines and interministerial coordination and planning (1994-1996). From 1993 to 1994, he served as Head of the Office of the Minister-President of the State of Lower Saxony and in 1991 as desk officer for media law and policy.

Minister Steinmeier studied law and political science at the Justus Liebig University of Giessen and in Frankfurt am Main. He graduated in 1986 and obtained his doctorate of law in 1991. He has been a member of the SPD (Social Democratic Party of Germany) since 1975. Minister Steinmeier is the first SPD Foreign Minister since Willy Brandt (1966-1969).