CENTER FOR GLOBAL DEVELOPMENT

Presents

A Discussion with David Gergen on Obama's Global Development Policy

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Nancy Birdsall: Well good afternoon ladies and gentlemen. I'm Nancy Birdsall, the, I always like to say, the proud president of the Center for Global Development and I'm very pleased to see this group affirming the relevance of development policy for the success of the next presidential administration. It is after all, 3:00 on Friday afternoon and it's cold and windy out, so we're very pleased to have you here.

I want to just welcome you and thank two of our board members for being here. Very important, the chairman of our board, Ed Scott with his wife Cheryl. There you are Ed good, moved up to the front, who have been steadfast supporters of all our work. And of course our board member, David Gergen whom we welcome. Many of you know there will be a more official introduction of David in a moment, but I'm sure you all know he has been an advisor official and unofficial to at least four American presidents and I'm sure there will be a fifth shortly.

And when I think of David Gergen in the last year or so I think how at least myself as a kind of policy nerd and policy wonk many times turned not to public TV and to public radio, but turned to CNN to get wisdom and sensible realistic, but still idealistic thoughts about the American political discourse.

With that I'd like to turn the rest of the program over to my colleague, Lawrence MacDonald.

Lawrence MacDonald: Thank you Nancy. Can you get by here or? I'm actually really surprised you're here because I thought you'd all be camping on the Mall, staking out your positions for the inauguration, but we're pleased that you chose to be here with us instead. It is indeed my pleasure to introduce David Gergen. He is currently a professor of public service at Harvard's John F. Kennedy School of Government and director of its Center for Public Leadership. He is also editor at large for U.S. News and World Report and the senior political analyst for CNN and he was as you know an advisor to Presidents Nixon, Ford, Reagan, and

Clinton. And although David modestly shook his head when Nancy said he'll be adding a fifth to the list I happen to know where he is headed after this event, so maybe there will be some new forthcoming.

I'd like to also now introduce our panelists. I'm going to start with Steve Radelet immediately to my left. Steve is the only one among us who like David has served in a senior position in both republican and democratic administrations. He was the deputy assistant secretary for treasury under both President Clinton and outgoing President Bush. He is a senior fellow here at the Center for Global Development and he is also co chair of the Modernizing Foreign Assistance Network. And he is the coauthor with Sheila Herrling of a chapter in our book, "Modernizing U.S. Foreign Assistance for the Twenty-first Century"

And this is perhaps a useful time for me to hold this up because when I say the book this is indeed the book we're talking about here, which is "The White House and the World: A Global Development Agenda for the Next U.S. President" and we do indeed hope that with your help it will become the global development agenda.

Next to Steve is Vijay Ramachandran. She is the author of the chapter titled "Power and Roads for Africa: What the United States Can Do." She is also the coauthor of a forthcoming book "Africa's Private Sector: What's Wrong with the Business Environment and What to do about it" and this is the last bit of show-and-tell, but we're very excited because we got the cover proofs today. This book will be out in the next several weeks, so congratulation Vij. Vij also previously worked in the executive office for the Secretary General of the United Nations and she has served on the faculty at both George Town and Duke Universities.

Skipping over to the end, my colleague David Wheeler is an expert on the links between

development and the environment. While at the World Bank he played a pioneering role in the use of public information to reduce pollution and help design and then subsequently roll out systems to do that in Indonesia, China, and Vietnam among other places. He is the author of the chapter in the book about climate change and he is also the godfather of our Carbon Monitoring for Action Database, which is the first database to make available the estimated emissions of all 50,000 power plants in the world.

Finally it's my pleasure to introduce Nancy. As you know she is the founding president of the Center for Global Development. She is a leading thinker on development with expertise in a wide variety of areas including globalization, in quality education, aid innovations, multilateral institutions, and global governance, and that doesn't yet exhaust the list. She previously served as that executive vice president of the Inter-American Development Bank where she oversaw a loan portfolio valued at thirty billion dollars. And just before that she was the director of the policy research department at the World Bank. Her most recent book is indeed *The White House and the World* for which she was not only the guiding light and the editor, but also the author of the opening chapter, which is titled "Righting the Three-Legged Stool: Why Global Development Matters for Americans and What the Next President Should do About it." Nancy I'd like to start with you and given the title of your chapter I think the first question probably is if you could make one request of incoming president Obama, what would that be?

Nancy Birdsall: Well I would ask the president to be a champion for development. Going to the three-legged stool, I would ask him to ensure that in the foreign policy work of his administration and beyond the foreign policy work that the development leg take equal space alongside defense and diplomacy. Do you want me to turn this on?

Lawrence MacDonald*:* I think it just happened.

Nancy Birdsall: Okay. I hope everyone heard that. I won't repeat it. I think you did. We've heard a lot of reports recently including from Hilary Clinton during hearings on her nomination for Secretary of State about Smart Power. Too often I think smart power is still thought of by very many people in the foreign policy establishment as ensuring that the diplomatic tool **** alongside of the military tool. Actually the real concept of Smart Power, and Secretary of State Hilary Clinton does know this very well, is that it's development and diplomacy alongside ****. If I can have more than 30 seconds on a second message because that first one was about mindset and **** throughout the administration this concept of development.

My second message is Mr. President, it's not just about foreign aid, so it's not just about money, which may be in short supply, or shorter supply than you might have hoped. It is also about using all the tools that the U.S. has on behalf of American people for their security, to reflect their values, but all the tools not just foreign aid, but trade as a development policy. How to deal with climate change, how to maximize the development benefits of bringing the private sector to Africa. How to think in general across the board about the relevance of development in making Americans themselves more prosperous and living in a more stable global system.

Lawrence MacDonald: Thank you Nancy. David I'm interested in your ideas about the prospects for what Nancy would ask the president, to be a champion for development and to conceive of the U.S. role in development as being well beyond aid. And I'm struck that there are both encouraging and discoursing signs. On the one had we have a president who unlike any other president before has actually lived in the developing world and confronted poverty firsthand as a teenager and has roots in the developing world. On the other hand… and he is a terrific communicator. If he chose to do this he could do it well. On the other hand there is an incredibly crowded agenda, so where do you come out

on the prospects for Nancy's hope and request to the president?

David Gergen: Well thank you and I hope I'm not too much of a wet blanket in this conversation because I think that the issues that are put forth here, the ideas that are critically important for the future of the world and the redesigning of American international policy. I think there are many good ideas in this book and I was proud as I'm sure, I was talking to Ed Scott about this, was proud to see that when the foreign policy recently had in this new issue highlighted the best think tanks in the country and in the world that this was a think tank that was right up there in the top. And I think that there is a reason for that and that is because they are creating and setting forth good ideas, important ideas about the way the world should go. I think we're in a… We're to be in a collision course here in the next couple of years between what is ideal, ideally should be done and what realistically can be done and the system will bear and where we come out in that I'm not sure.

I do believe this. That we have an incoming president who under normal circumstances would embrace and probably even go beyond in a very ambitious way much of the agenda that we're going to hear about today. I do think I see in his… I think that is part of his political philosophy. I think he does care. I think he is willing to put the money where his mouth is and to change the policies where appropriate even to the extent of asking Americans to accept some sacrifice on our part as part of this development agenda and he is… There is a degree to which he is a beacon for the world.

This is a remarkable event that is going to occur next Tuesday. It's a milestone for our country. When that parade is over and he walks back to the White House as an African-American and walks into a house that was partly built by slaves that's a remarkable event in our history and it's one that is being celebrated all over the world. And people are looking to him and so

much so that the Financial Times had an editorial the other day where he was out in front of other world leaders on global warming. He was actually showing the way. When has it been said of American presidents in recent years that they've been actually out front on global warming? So I think his instincts are right on these issues and I think his problem is going to be we've been hit by a tsunami with our economy and that his people are now up against it.

Most business people I talk to say they do not understand what we are going through. The one consistent line you hear from people is, "I've never seen anything like this before." And they're not sure where it's going. We are clearly going to experience a great deal more pain. We're in a worldwide recession that's very serious and you can already see evidence in other countries as I think you're going to see in our politics as sort of a closing in, a closing down. An unwillingness you know to… In Europe **** which was out in front of us on global warming, they're pulling back on some of their commitments on climate change. So I think that's the clash.

And a second part of this is going to be it's not just about money, but it is partly about money. There is going to be a willingness to spend a whole lot of money, barrels full of money in the next few months, maybe the next year or two, but there is going to come a pivot point when we go from being extremely, spending an extreme amount of money and to which we really want to pull in and save and move it quite the opposite direction and it's going to be a crunch point for every policy program, and farm assistance type programs are going to be right there on that front edge of policy. Programs that are going to be under severe pressure politically.

So this to me is an intersection of what is desirable, what he I think would naturally like to do and what he is going to feel he can do and I don't know whether that's all going to come out, but that does not mean the ideas are not worth pursuing. It does not mean he

shouldn't become a champion. Some things may take longer to do than he would otherwise do, but why don't we cut to the chase and get into some of the policy discussions without sort of the overview? And then I think a lot of this will become clearer.

Lawrence MacDonald: Well, I think you have set up a great challenge for Vij in that when she wrote her chapter and did a lot f her research in thinking about power and roads in Africa we were not in this crisis, but I'm also wondering if to some extent crisis doesn't open the door to new things. And so Vij I'm interested in if you can not only tell us what your recommendations are coming out of your work, but how you would present those, how you would see whether they've changed or not in terms of what is happened in the world and also the challenge that David Gergen so eloquently frames for us.

Vijaya Ramachandran: I think if we look at what has happened in terms of development assistance to Africa in the last sort of decade or couple of decades it's focused a lot on social sector issues. It's focused on health, on education. We've made tremendous progress with PEPFOR, with some of our programs in health. We see visible signs, visible results from these programs. I think my thinking is that the continent as a whole has suffered from a severe under investment in infrastructure over the last two or maybe even three decades as even the multilateral banks have pulled away from that and reoriented a lot of their money towards other programs including those in the social sector.

So with that in mind I wrote this chapter in *The White House and the World*, "Looking at Africa's Infrastructure Deficit." The fact that about five percent of its population is connected to a modern electricity grid. The fact that it has a sixth of the world's population and produces three or four percent of the world's electricity. The fact that roads are in terrible shape and in many countries just nonexistent at all. These are typically things that require very

lumpy investments, very large scale investments and given the situation we're in, given the fact that a lot of money is going to be directed towards domestic programs, the question then is how do we think about infrastructure in Africa at this particular moment in time?

And I want to come back to the point you raised, which is that in a period of turmoil and a lot of change there is an opportunity I think for new technology to emerge and for new ways to solve these problems and I think particularly in the African context the idea of delivering energy via non grid mechanisms becomes very interesting. And in particular the idea of delivering solar energy through small scale types of technology, micro hydro technology, these are things that have been developed over the last sort of decade without very much attention from the public sector, from government. And this may be the time that we really try to capitalize on some of that investment largely occurring in the U.S., but clearly around solar to transfer it to Africa.

Lawrence MacDonald: Thank you Vij. David Gergen, do you want to jump in here or should we go to the next one?

David Gergen: No, Let's keep going.

Lawrence MacDonald: Okay, in fact Vij's closing on energy is a perfect segue to you David. Your chapter is ambitiously titled "Global Warming: An Opportunity for Greatness." What do you mean by that in the development context? And also I know you've been watching with a lot of interest the appointments that have been made related to energy. If you have any observations about what they might signal in terms of the U.S. ability to move, and David Gergen has already touched on this, from being a laggard to a leader in terms of reaching an international agreement that's acceptable to the developing world. You've got ninety seconds.

David Wheeler: Be specific, right. Well I'll accept your condolences here. It's my enviable task to talk about global

warming on this particular day and I'm sure there is part of everyone out there that is thinking bring it on, but I'll plead for a little perspective here because I think there is no one in here who doesn't know where we're headed and pretty fast and the alternatives we face are pretty grim unless we do something about this. And we could look at the downside of this, but I've tried to position this in my chapter as an opportunity because in the final analysis the U.S. has been absent from the table and now we can be at the table in a leadership position. And the new president and the people around him have clearly signaled that they want to be there.

I thought in the context of today's discussion the most important point I could make was that in the past at Copenhagen which is where we're going within a year. Remarkable if you think about it given the current state of affairs here. That road leads right to the developing world and that's because we face a stark reality here. We could stop emitting carbon tomorrow and within 25 years the developing world would be emitting so much along its growth path that we would be right back in the same crisis. So we will not solve this problem without working out a solution with partners in developing world. So that is the main task and the main opportunities of the president here really, to assume a leadership position. And there are two aspects to that. The first is here. If we don't regulate the emissions here our friends in China and India and other places are going to pay no attention to what we say. We have to act. So the president's first task on this path to the developing world is to foster efficient regulation here.

And the second part of it, and this is a response to Lawrence's point, is that because it's very difficult to use conventional regulation in developing countries to solve these problems we're going to have to work hard on getting clean technology into these countries as best we can. Now that's a challenge, but it's also a tremendous business opportunity for the U.S., partly because in fostering research and development here

we can promote our own economy and partly because we can develop a strong comparative advantage in these technologies. So I think the path ahead is very clear. There is no way out of this. I think the steps that I've outlined here are the ones we have to go through. If we don't do something here the rest is off the table.

On the question of the apparent intent of the administration I think we're all very excited. We can see from the public pronouncements what the intent is, but as we all know now the politics begin. In my own personal inclination, having watched the press for awhile is to be a little cautious, not because I don't think that the president and his people are oriented correctly, but because I think they face a big messy political process and the issue of cost is going to loom very large and we need to talk about that.

Nancy Birdsall: Lawrence can I jump in here?

Lawrence MacDonald: Yes, and I think maybe David Gergen also wants to jump in, so.

Nancy Birdsall: Well I want to make a comment about where he started and where he ended, his first remarks. He started with the wet blanket and he ended with the timing issue and I'd like to change the metaphor of the wet blanket to the swinging door. What does that mean?

Lawrence MacDonald: Is it he who controls the metaphor controls the argument?

[LAUGHTER]

Nancy Birdsall: Exactly the point. So David Wheeler just said, you know the rhetoric is right. I think we're going to start, have an administration with rich policy dialogue, but so the door will be opening, but it will be swinging back often in the face of realism and the real problems. I think that the development community and those concerned with the kinds of issues like

climate change that are having such a terrible impact on the world's poor has to think of it as a swinging door because this is where timing matters, ideas matter to be pushing back. The kinds of sensible support for the champions in the next administration of particular positions through political channels, through interactions with the Congress. That's what is going to matter and so it's not just about worries over the crowdedness of the agenda in the next year or 18 months. We're talking about four years and maybe eight years where what we're saying and doing and how we're behaving and the ideas we bring will matter.

David Gergen: I just want to ask as a point of… David, as a point of clarification when we talk about the developing nations, when we come down to talk about global warming or climate change and what needs to be done, are we really talking about a subset of the developing nations, essentially the brick nations or some larger group that the ones we really have to focus on such as China and India? When we talk about development more generally we're often talking about Africa, but when it comes to global warming aren't we talking about a different subset of nations?

David Wheeler: You know there are two sides to that, David. On the one hand we tend to think about smokestacks, power plants, and we think about China. We think about India and that's right. If you look at the hierarchy of countries on the size of their emissions from those activities then you certainly are going to go to big industrializing countries. On the other hand if you look at forest burning which is an enormous source of emissions or agriculture which is a big source emissions, you go to an entirely different set of countries and there suddenly there are countries in Latin American, Africa, and Southeast Asia that don't rank in the top among the big industrializing countries that suddenly loom pretty important in this business.

So I think you're quite right that there is a focus that we've got to have and there is some important

countries. There are really these two sets of countries and they all have to be at the table and they have very different problems. Obviously the problem of deforestation is very different from the problem of too much coal burning in power plants, so it's a kind of a diverse set really. Indonesia is a huge player, not because of its industrial situation, but because of deforestation it brings in.

Nancy Birdsall: If I can interrupt again. I don't think enough American people recognize that per capita emissions from India are less than two megatons or whatever it is per person compared to more than twenty in the U.S and from China they are about five compared to twenty. So China and India are major powers geostrategically and they are ascendant geo-politically, but until we get into their heads and our heads that in India 40 million children die before the age of five and in China 800 million people are living at if not $1 a day or less, $4 a day or less then I don't think we have the tools for a sensible negotiation with them about what the trade is going to be, what the bargain is going to be. Sorry about this. I don't know how to fix it.

David Wheeler: Just one more comment, and that is there is a asymmetry in the way we see the world and that we think that you know we may feel guilty. You know we caused this. We've had a big role in this. I can understand why people in China and India and Indonesia might feel some hesitation, might feel a little hostility. We're prepared to be sympathetic in negotiations and the idea we have in our heads is basically people in those countries are not ready to move on this and that's not correct. Actually among the leaders in China and India there is very substantial willingness to move on this. They are moving on this. Solar power, wind power, I mean China and India are big players coming on, but they're very clear in private conversations when the issue is raised that although they are willing to move and they are willing to do their share they are not going to get off the dime until we do and they're going to believe what we do

and not what we say. So it's up to us at this point to make the first move and I think that's proper. I think that's what we should do.

Lawrence MacDonald: David, thanks very much. So there is huge agenda out there and that doesn't even begin to touch on a number of other things where we do significant work in the center because we think they are very important. Trade, labor mobility, migration, there is an entire global health agenda. I'm sorry. Ruth Levine is traveling and can't be with us here today, but one of the key points of our work has been in every major policy area there are things that sometimes can be done at relatively small cost that can make a huge difference to poor people in developing countries, but the question is how does that happen? And I want to turn to Steve with really two questions. One is how given the very crowded agenda and the many ways that U.S. policy impacts development can we get organized or can the U.S. government get organized to make a difference on those? And then in addition, the subset issue of foreign assistance. How should that be approached, reform and modernization of our foreign assistance?

Steve Radelet: All right, thanks Lawrence. Just actually before turning to that just one comment sort of addressing your question and David's answer to that on climate change. It strikes me that we have to engage in somewhat two different ways between the countries that are emitters among developing countries, but also somewhat separately from that thinking about how to be of some assistance and support to the countries that need to adapt to the Bangladesh's of the world that can really get slammed around by this and could really drive millions of people into poverty. So there is actually two different dimensions of how we engage with the developing world on that.

To your question Lawrence, on foreign assistance and our broader engagement with development. The good news is that so many people in such high profile positions are recognizing the importance of robust

U.S. engagement with developing countries around the world and why that is important for the world, why that is important for the United States, why that's important for all of us and we hear that in comments for Secretary Gates to Colonel Powell to most of the major candidates, and of course president elect Obama in many of the things that he has said. And also Secretary Designate Clinton in her nomination hearing the other day in which development and foreign assistance was just mentioned repeatedly, far more than in the hearings of the past with a similar position and it's very clearly on the agenda of not only Senator Clinton, but also of the other senators that were in the hearing room at the time. So that is the opportunity.

The challenge is that the way we are organized to engage with developing countries is a mess and is way out of date and is in thorough need of modernization, not just for foreign assistance, although that's bit piece of it, but more broadly. And we've got too many agencies trying to engage in this. We have legislation which is far out of date. The left hand doesn't know what the right hand is doing and we're not very well organized to be successful.

Given the constraints on the budget I think we need to approach this in ways of thinking about how we can organize ourselves with the limited budgets that will be available to be much more successful and have a bigger impact on the ground even within limited budgets. And hopefully pave the way for more resources over time when the budget constraint is lifted a little bit, but we can give the American people and congress the confidence that we're using our development dollars in an efficient and effective way.

On the foreign assistance front the group that I co chair, the Modernizing Foreign Assistance group, Modernizing Foreign Assistance Network that's come up with a four-point proposal, strategy, legislation, organization, resources. First we need a strategy. We need to think about how we're engaging, why we're engaging, not just on foreign assistance, but

development. All of these issues and more, trade, migration alongside climate change, infrastructure development. How is the United States going to engage? What are our goals? What are our objectives? What are our methods of engagement and the modalities that we've got? And develop that strategy in parallel with the national security strategy and to some extent, the quadrennial defense review. So strategy is number one.

Number two is legislation, the Foreign Assistance Act was written in 1961, totally outdated, written for a different time and place and has been amended many times and has frankly broken down, has not been reauthorized since 1985. And there is a significant breakdown between the Executive Branch and Congress. That act I think needs to be thoroughly rewritten for today and today's objectives and goals.

Third is organization. We've got over 20 different Executive Branch agencies that provide foreign assistance. One hand doesn't know what the other hand is doing. Lots of duplication. Lots of gaps. They need to be consolidated. There has been some talk of a cabinet department. That's way off in the future and that shouldn't get into the debate about what we need now, which is a professional development agency where we can bring together and build up expertise of people within the Executive Branch that actually have development expertise in agriculture, in economics, in education, and health, and give them a voice at a more elevated level within the Executive Branch. Exactly what that form will be we can debate, but the key thing is to focus on the professional development agency that would consolidate and bring together and strengthen what we're trying to achieve.

And then the fourth piece is resources. We do need more resources to achieve the goals that we want to achieve. That's going to be hard in today's world. I hope we don't give up on it. We shouldn't give up on it right away. But as we look for greater resources to

try to achieve these goals we need to focus on making sure that every dollar we have we use effectively and over the medium and long term getting more resources will be dependent on organizing ourselves and having good legislation, so that we can give people the confidence that we're using those dollars effectively.

So I think that means in the medium term over the next couple of years really focusing on how we can get a strategy, of how we engage, thinking about how we build a strong professional development agency within the Executive Branch and giving it the legislation that it needs. That's going to be a big lift, no question about it, not so much on resources, but on political capital, but I think it might be obtainable and is certainly a goal worth pursuing.

Lawrence MacDonald: David, you've heard a big agenda and in particular, Steve's closing remarks about how some of that might be organized. I invite you to comment on whatever part of it interests you or raise questions on things you didn't find persuasive or however you think it would be most interesting to precede.

David Gergen: Sure, well I hope what we can do is invite more of a conversation here and then go to the floor.

Lawrence MacDonald: We will indeed.

David Gergen: Let me just three quick points if I might. One area in which I am encouraged is what Steve was arguing about and that is the effort to shift more resources and better organization to diplomacy and development than we've had in the past. It's been striking to me the degree to which there is a new ally at the table and that is the Defense Department. They have been out there now for a number of years and Bob Gates is leading this effort to say: "We need more resources over in the civilian side of the house. We cannot do this. We don't want our young soldiers… We want them to be warriors. They're not development officers. And we're not prepared to do this. We're not the right people to do this. We're not the right

people to engage in nation building. That should be done on the other side of the street and we're willing to put more resources over there and shift some resources in that direction."

That is a very positive thing and Gates is off to a good start with the transition team. I just came from a session with the Navy flag officers. They are three and four stars **** of them here in Washington today and yesterday and they came to me and said we have Goldwater-Nichols in the Defense Department. It was a way to bring together various parts of our operation and create jointness. We've come a long way from that. Why can't we have Goldwater-Nichols with regard to foreign policy on the diplomatic and developmental side? They want this. They are anxious to have this and that is a big, big help because in times past there has been a competition for resources in which they've been sucking resources away from consulates and things like that, so the State Department has often felt the Defense Department is crowding in on us. But they've had a real change of mood given the Iraq and Afghanistan experiences. I think that's a big, big plus politically and I'm encouraged given Hilary's testimony the other day and as Steve says, "The reception that was on the hill that she had," that there is a lot of eagerness with Democrats there now to move in these new directions and I think that's a doable proposition in the next administration.

Let me come to the second point is it strikes me that I'm sorry we haven't been… They're not going to have the trade, full trade conversation here today because the trade is going to be much tougher.

Lawrence MacDonald: We'll have some.

David Gergen: It seems to me that the kind of agenda that this center has put forward asking for this country to accept more exports from developing nations is exactly right, but the politics of this are very rough. Look at the Columbia Trade Agreement after all; this is mostly to

help us, not to help them. It's mostly for our benefit, but look into the buzz saw that it's running to on Capitol Hill. The labor movement in this country now is going to be very tough on these issues about trade. They're hurting. CDG comes along and says, "Well you've got to do more to put underpinnings for U.S. workers with healthcare and the rest." That's all right. I think that's all true, but it's going to take a number of years especially given the economic circumstances.

I'm worried about trade. I'm worried about the Delhi Round. I don't see the passion on the part of this administration to revive the Delhi Round. I don't see a lot of passion to push forward on agriculture reform of the kind that's going to be needed. It just seems to me trade is very problematic right now. And given the fact that the administration is going to be under a lot of pressure to move forward on card checking on the unionization issue and I think they are going to delay that, it's going to be hard for them to move forward on trade in ways that take on the labor unions. So I just would mark that as a big, big question mark.

And a very, very hard third point, the global warming point, on this issue the new people coming in are the biggest single… It's a 180 degree turn in philosophy and viewpoint from what we've had. This administration, the current administration has been in a war with the science community. They have John Holdren coming in as chief science advisor in the White House who is a totally dedicated Copenhagen Round too and he's been testifying about global warming for years. He has been a colleague at the Kennedy School, but he also runs part of what's whole. These are terrific people. And overall the science, the embrace of science and engineering by this new administration I think is a huge step forward for all sorts of innovation breakthroughs and so forth and they're totally dedicated with Carol Browner and others there to moving forward on global warming and on energy. And they're paired and I think we've got some really opportunities now to get serious energy, revive or rewrite and actually for the first time have

serious energy or comprehensive energy policy in this country. And the down payment they're making through the stimulus plan on green jobs while not as big as some environmental groups had hoped, not every environmental group is standing up and cheering what the house came forward with yesterday, but by and large this is a big, big breakthrough from where we are and clearly they are committed to it.

I think where the hard part comes is when they get to putting a price on carbon and how can you really in this environment get a cap-and-trade bill or a carbon tax? It's interesting. The CEO of Exxon now has come out for carbon tax. There is growing sentiment if we're going to do this let's do it right with a clean energy carbon tax. But even so in this environment it's hard for us to raise taxes on people making $250,000 or more. Nancy Pelosi would like to raise the taxes on the affluent and look at the buzz saw she is running into. So to go from here to a carbon tax I don't know. David, my sense politically is we got to get a long way through this storm before we get there.

Lawrence MacDonald: David, you touched on two things that I know people want to come back to on the panel and I am going to save plenty of time. A very well informed audience, so plenty of time for discussion from the audience. First, Nancy on trade you told me that you wanted to talk about duty free, quota free and I think that I'd be interested to hear whether after you explain this idea whether David thinks this is something that might be possible.

I also want to acknowledge Kimberly Elliot who is here in the audience and is the author of our terrific chapter on trade. If you haven't yet read her brief please do so. But Nancy, could you summarize the duty free, quota free proposal that Kim has developed?

Nancy Birdsall: Yes, let me turn this on again. Hopefully it works better this time. Kim has done on the basis of her chapter and the policy brief that's all on our website,

she has done a policy memo to the president with a very good idea, which I think addresses indirectly, it comes in from the side the points you're making David, about how difficult it will be to advance the trade agenda. Why? What the proposal that has been developed by Kim and colleagues is the following. Pick a group of countries that people in the U.S. recognize as good places. You know Millennium Challenge Account countries, countries that are members, that are already AGOA eligible, referring to the African Growth and Opportunity Act, which means they've met certain other standards that U.S., the Congress, and the prior administrations have set, take that group of countries…

Lawrence MacDonald: And very poor and very small, simply put.

Nancy Birdsall: Very poor, all under a hundred billion in GDP, very important point. So they're vulnerable in a way that small economies are vulnerable. China and India are not vulnerable in quite the same way for example. Brazil is not vulnerable in quite the same way. Take this group of countries which represent at the moment 4%, if I've got that right Kim, of all imports. They're not really a threat to U.S. jobs. And as a development initiative have a program, an ongoing program which says these countries have duty free, market free access until and unless they fall below some standard in terms of corruption, governance, whatever it might be or until and unless they have a GDP of more than 100 billion a year I suppose. In any event the idea that Kim has put on the table is to make this a development initiative. It is about trade, but I think it's very nice example of having trade be about development, a tool for development.

Let me because I have the floor say one other thing about the carbon charge. We had a very nice discussion yesterday amongst our fellows at the center and one of the things that was implicit is that we don't call it a carbon tax. We call it a carbon charge.

David Gergen: That's when the Pentagon came up with this missile and they called it the peacemaker.

[LAUGHTER]

Nancy Birdsall: But this is more… This has more substance behind it because you could make a carbon charge that is really not a tax in the sense that any income the government receives would be rebated in some form, either in per capita terms to Americans or through reduction of payroll tax. There is all kinds of discussion, but the main point is that it might be called a carbon charge. And I have put on our website my six immediate priorities, not for this administration, but my development priorities for the next few years and one of them is that in the U.S. we start talking about something you know a gasoline tax. Let it be a tax or call it a charge that would create a steady state price going forward. A lot of people, Tom Friedman has been talking about this. Our colleague Kemal Dervis at the UNDP has written about this several times. Americans would probably accept some clarity and certainty about the gasoline price ****

Lawrence MacDonald: Nancy, I thought that was really pie in the sky as much as I love…until I heard Car Talk has also come out for a gas tax, so it looks like we may be getting some traction on that.

Nancy Birdsall: A gas charge. A gas charge.

Lawrence MacDonald*:* Well they're talking gas tax, the guys on Car Talk. David, on the carbon charge and the rebating I wonder if you would talk about your paper in which you looked at the determinants of the votes and how that would change with a per capita rebate.

Nancy Birdsall: On the one Warner- Lieberman.

David Wheeler: Let me get at this indirectly. I just want to respond to David's point there. If you look at this thing from one perspective you say, "Well we're in a crunch." "This is never going to work." "It's going to cost too

much." "People are going to flinch." But you know actually I've got a very contrarian view of this thing. I think this is the perfect moment to move because right now you can do it real cheap and I'm in pretty good company here. There was a remarkable event that happened over the last couple of days in Washington. A coalition of environmental NGO's and major fossil fuel using energy corporations stood up together and they all said this is the moment to go for cap-and-trade and that included Duke Power, which is about 60% fossil fuel based and NRG which is over 90% fossil fuel based, mostly coal burning. You've got to ask yourself why at this particular moment in history, in this kind of crunch would these people stand up and say, "We're for cap-and-trade."

And I think here is the secret. You know how cap-and-trade works. You set a cap and you allow people to trade rights to pollute and over time you reduce that cap and as you reduce the cap the pressure rises and the price of carbon rises and the emissions trading and that creates good incentives to clean up. Now we're in a particular moment in history right now where we've got a golden opportunity. The way you set a cap is on the basis of the maximum emissions that you've had recently. And a couple of years ago we had a lot, but it's tailing off now because we're in a crunch, so if you set the cap at the level we had two years ago and you open an auction right now for permits those permits are going to go for almost nothing. They're going to be really cheap and these people know that, so if it's set up now with the right rules. You start there. You get the system going for a couple of years. The price will be very low and then as the economy recovers and the pressure to produce rises and the cap begins to fall that price will start up, but it will start up gradually. And I think these energy companies are aware of that and they see this as the right moment to push for that because they're worried about the crunch when they come in. So I do have a contrarian view. I think if you look at this right and you design it smart you win.

Now to the other point here, which is about why Warner-Lieberman hasn't worked so far, I think it hasn't worked so far because it doesn't rebate enough to working families. People below the median in income in this country are really worried about the implications of anything is going to raise their energy cost because if you look at household budgets it's working families who have very high energy proportions in their household budgets. They stand to lose a lot more than upper middle class and rich families from a hike in energy taxes. So if you're going to make something like cap-and-trade work you're going to auction permits, whatever you realize from that you better rebate a lot of it back to Americans on a per capita basis in order to cement the coalition. It will be necessary to make this thing work.

And we did an analysis as Lawrence mentioned of the votes in Warner-Lieberman back in June and sure enough when you control from the other factors like the coal dependency of states and the conservatism of the representatives and so forth a big third factor was household income in those states. The poorer the state, other things equal, the more resistance there was to that measure. You've got to beat that or you're not going to pass this legislation.

Lawrence MacDonald: I want to say when David put this paper out if he hadn't already caught my attention he did a mock up of a certificate which was CASH and I can't remember what CASH stands for.

David Wheeler: Certified Atmospheric Share.

Lawrence MacDonald: Certified Atmospheric Share and he put my name on it, so boy he had my attention, so if you want to have your Certified Atmospheric Share, which I think in your calculations came out to about 500 bucks per capita per year.

David Wheeler: 500 per capita… Well if we go back to prosperity under capita, not now. If we do this right now the

realization from that auction is going to be very low, but if you wind back to where we do a couple of years ago, where we were, think about the realization from that. It would have been about 150 billion dollars. So if you work the math there I think it works out to about $500 per person, $2,000 per family of four. For a working family in the United States that is very serious money. That is enough to compensate you for your losses and then some in your energy budget. This works politically if it can be designed right.

Lawrence MacDonald: Vij and Steve before I go to the audience or if David Gergen have other things you want to add we have… We're scheduled to go until 4:30 so we have plenty of time. We can wrap up a little early. There are refreshments in the next room, but I want to give you a chance before we open up the floor.

Vijaya Ramachandran: I think I would just like to make one additional point about this conversation on energy that we've been having. We've been doing a lot of shifting of risk these past few weeks and months around banks and trying to figure out how to make banks more solid and take on some of the risk that they're facing in these times. I think along similar lines we can think about shifting risk or facilitating, maybe downsizing the amount of risk that companies that are in the development of new renewable technologies face. And there are simple mechanisms to do that. While we're thinking about carbon charges and about how to do cap-and-trade properly I think we also need to be thinking about how we can facilitate the development of renewable technologies and that would benefit not just the U.S. market, but it can go very far in terms of transferring these technologies to countries that have very high levels of renewable energies. So this can be win-win on both sides without necessarily thinking about it as aid or as transfers of resources to countries other than the U.S.

Steve Radelet: I just actually wanted to ask a question to David Gergen **** the view of a mechanism on energy that would be revenue neutral whether it would be a

carbon charge coupled with some reduction in payroll taxes and an explicit coupling which would be revenue neutral, but would have distributional impacts by raising carbon emissions with the price of carbon emissions, but reducing general taxes or through David's CASH system of some sort of certificate that people got the benefit back and what the level of political palatability would be of that. Clearly just a tax isn't going to fly very well, but if it was hooked to something that was more revenue neutral.

David Gergen: Is it cost neutral for everybody in society?

Nancy Birdsall: No, no, it's cost… It reduces costs for the poor and raises costs for the rich.

Steve Radelet: It's progressive. It's progressive.

David Gergen: So it is progressive. It's a progressive tax.

Steve Radelet: It is progressive.

David Gergen: Let's not sugarcoat this. This is progressive tax.

Steve Radelet: Yeah.

David Gergen: Right.

Nancy Birdsall: Unless you made it a rebate per capita…

David Gergen: And where would you make it… Who starts paying when?

Nancy Birdsall: Let's rephrase the question because if you start to call it a progressive tax you're building in the counter-argument you know politically. Let's imagine that it's a rebate per person or per household, so it's not trying to be progressive.

It's totally neutral. The only sense in which it affects different households has to do with the amount of consumption of energy that they consume, so high

consumption households pay more in the end and low consumption households get some ****.

Lawrence MacDonald: Which is why it's an incentive to change your behavior because everybody gets the rebate.

David Gergen: I happen to be in favor of a gas tax. I happen to be in favor of… I was in favor of a 50 cent gas tax. I think that the Tom Friedman, the notion that putting a floor in, raising the price of gasoline by a penny a month is a healthy thing to do. I think these are very, very good public policies. I just think we should be very clear among our own minds about not sugarcoating these things as if everything is possible for no cost because you're misreading the politics of it if you sort of start up front not facing up to that this is going to cost somebody something.

Nancy Birdsall: That's why Steve asked the question.

Steve Radelet: That's the point. That's the point.

Nancy Birdsall: I guess we got the answer.

Steve Radelet: It's revenue neutral in a macro sense, but has the distributional impacts of people that are heavy carbon users pay more. People that are less carbon users get the benefit, so there is definitely distribution ****.

David Gergen: That's right. So and I think you have to sort that out, what does that actually mean for someone who lives in Arizona or a place where there is a lot of driving that somebody is very heavily reliant upon a car to get back and forth to work and it's a long drive. That's a very different proposition then for someone who is living in an urban area who is got very different kind of costs. So I just think this has got to all be exposed to the light of day and it's important for everybody who cares about these things to be very, very clear among themselves who is going to pay, who is not going to pay or who is going to get **** for it, but here are the benefits and then you weigh the politics of

it. And I'm just saying in today's environment I think this a lot tougher than it looks.

I mean we have friends overseas who are a lot more committed as nations then we are to this who are pulling in their horns on cap-and-trade because of the cost it's imposing on their societies. So I just think we ought to be realistic, idealistic, but realistic about what is possible. There may be ways to do this. I would like to see it phased in. I think it's right that you could auction off these permits now given the price of things. You could auction off for a lot less. It moves much more to what the Republicans wanted anyway which was to have this done with free permits instead of cost, but there is this question about as you return to prosperity where things start to bite and there is going to be a neuralgia about doing that on Capitol Hill I think in the near term.

And I think our biggest problem is that this issue is coming at us so fast that we should have done this five years ago or ten years ago and the politics have become a lot more treacherous in today's environment. I think it's one of the huge, huge problems we face as a society is that we have to do this. We've already damaged the environment. It's going to get a lot worse.

Nancy Birdsall: Lawrence, I just want to make a kind of metaphysical point if I can.

David Gergen: A metaphysical point now. We're moving from metaphorical to metaphysical.

Nancy Birdsall: Every now and then we do that, right. In a desperate effort to get away from the wet blanket.

Nancy Birdsall: And it's a little bit in the spirit of this group of people here. There is a lot of energy in this room and well how my thinking about this.

Lawrence MacDonald: Renewable energy in this room, right.

Nancy Birdsall: That I lost my thought in all jokes ****.

[LAUGHTER]

David Gergen: It does seem to me what we know about the Obama administration and what we know about him personally is he is extremely strategic. This is a man who thinks long term. He is not tactical.

Nancy Birdsall: That's my point. That's why he can be a champion for development.

David Gergen: That's exactly right and I do believe that you can do it in such a way that you sequence in things. That you set your goals, here is where we're going, here is what we're committed to doing. Now the question is how we're going to get there and as we start to come out of this storm then we can start to impose some of these things, but get them done now and do and agreement now. That I totally agree.

Nancy Birdsall: Exactly and now is the time. Now is the time. Don't expect instant results, but now is the time to start pushing against the expected swinging door.

David Gergen: Exactly, I agree with that.

Nancy Birdsall: And that is something that anyone who is a development advocate always has to keep in mind. It's about leadership because the immediate short term political interests may often resist what is in our collective long term interests, so we need… That's why I want the next president to be a champion for development because it's the president who carries the legacy in his head, we hope, about the long term security and prosperity of the American people, which then relates right back to the fact that we've had this long discussion about climate change discussion here and it is all about development. It really is. What we do about it here really matters tremendously overseas.

Lawrence MacDonald: I couldn't think of a better note to shift from our closed conversation to invite the people on the floor. We have a number of journalists here today. This is certainly all on the record. There are some senior Hill staffers, friends from the IMF, World Bank, U.S. Treasury, NGO community. A huge amount of knowledge in this room. I want to especially also acknowledge that Mead Over who is the author of our chapter on HIV/AIDS is here with us and I don't know Michael Clemens who is the author of the chapter on migration.

Nancy Birdsall: Talk about a long term agenda, read the chapter on migration, extremely important.

Lawrence MacDonald: If you would like to raise a question of make a comment please identify yourself, raise your hand. Heather will bring the mic and please keep it short because I think there is going to be a lot of interest.

Nancy Birdsall: Lawrence, you do have Hattie Babbitt here.

Hattie Babbitt: I'm going to go back to the wet blanket for just minute because I feel compelled to ****.

Lawrence MacDonald: This is being recorded, so if you could identify yourself.

Hattie Babbitt: My name is Hattie Babbitt. Talking about the climate change thing and what David was talking about with USCAP, the U.S. Climate Action Partnership and the important announcement they made earlier this week. USCAP not only involves the large companies that David talked about, but also the environmental community, World Resources Institute, NRDC, and the main point I think of this most recent exercise is the very important one dealing with the politics and this is to say that it was a very tough negotiation to get to the agreed upon document and what this group was saying was, "We have made these tradeoffs." "We have really negotiated hard and made the tradeoffs to say to Capitol Hill we don't know whether our tradeoffs are perfect, but they can be made." If

ALCOA and Duke Energy and GE can get in a room with WRI and NRDC and come up with a joint program and here's the key here, the numbers that they came up with on cap-and-trade are more aggressive than the Obama numbers.

Nancy Birdsall: You mean the targets, Hattie, the targets?

Hattie Babbitt: The targets are more aggressive than the Obama numbers, so some very sophisticated folks looking at this very hard have been less pessimistic than we have been today.

David Gergen: But I think there is a bargain to be made to some extent. Duke Energy has got tremendous leadership right now. General Electric, Jeff Immelt is way out in front of most of the people in energy and in his field. So you've got some selected CEO's who are stepping out in front and if you look at their economic models it worked for them a lot better than it does for some others. And Fred Carp has done a great job. WRI has done a great job in doing all of this, but if you go out and talk to some other companies you find much less willingness to join up with this. Some of the utility companies are not as progressive let's say as this and Duke Energy has got more nuclear.

I think there is a trade to be made if the environmental community will come over and support nuclear a lot more enthusiastically I think you could get some real progress on this. But there is some hard bargaining to be done politically, but I think if you got the nuclear energy side of this done you could bring along a lot of republicans who would not necessarily be there for you otherwise. And those are the kind of things I think if ultimately if you're going to do the kind of bargaining in Congress you're going to have to look at. I think what we need is a comprehensive energy program and I think this president can negotiate it. I think he is uniquely qualified and we've got a unique moment with terrific people in this administration coming in and a country that needs this. But it's going to be a very complex negotiation and there are going

to have to be some willingness on the part of the environmental community to embrace some things that they may not really be enthusiastic about like nuclear.

Lawrence MacDonald: David, thank you very much. I want to get a few more ideas on the floor and I don't want it to be as much as we believe that climate is certainly important and central, I'm interested especially in questions that are about things other than climate change. Yes, ma'am.

Nina Fedoroff: I want to talk about things other than climate change. My name is Nina Fedoroff and I'm currently in the middle of a term of serving as the science advisor to both the State Department and USAID. And I would like to follow up on David Gergen's comment about the cadre of scientists coming into Washington and extend it to development because as I've watched what we do in development the payoff for investing in connecting scientists through new kinds of technology are huge. That is for the amount that we are investing if we pull people together through scientific collaborations we can accomplish many goals simultaneously and I think that's a vastly underutilized under exploited, under thought through proposition. We now have in many parts of the world tremendous capacity for telecommunications and connecting people and virtually everybody can connect through cell phones, Internet, and so forth. That's a tremendous multiplier in every part of the world.

Lawrence MacDonald: Thank you very much. You have a quick comment on that while the microphone travels around. The gentleman back here. Yeah Nancy, did you want to say something?

Nancy Birdsall: I think that your point is very important and I think we know how effective that kind of arrangement can be because of the work this country and this administration has already done in global health and actually in the book, the chapter by Ruth Levine puts considerable emphasis on the need, even in global

health, to strengthen further those kinds of conversations. Let me just give one example of a point she raises, which is that there needs to be much more of a multilateral discussion between U.S. scientists and the medical community on how clinical trials are done for new medicines which brings in far more people from the developing world where a lot of those clinical trials are taking place. So it's a learning issue, but that's just a tiny example.

Nina Fedoroff: And agriculture ****.

Nancy Birdsall: I think your point should be extended to agriculture. Exactly, and one of the things we try to emphasize throughout this book is that there are a lot of areas where investments here that might be completely compatible even in the short run with the stimulus package or with the reinvestment and recovery plan can have tremendous benefits for development and tremendous benefits for showing how the U.S. can take leadership in the world on improving lives overseas.

Nina Fedoroff: One way is connecting scientists.

Nancy Birdsall: It's connecting scientists, yes.

Nina Fedoroff: **** capacity to ****.

Nancy Birdsall: Yes, we got… right.

Fritz Fischer: My name is Fritz Fischer. I was executive director at the World Bank and in particular I was the assistance of Billy Grant in the Grant Commission where we focused on commonality of interest between industrialized and developing countries and that's the main message of the book and that's the development in the last 30 years.

Having said this I will encourage you to do the difficult work of doing away with the artificial differentiation between domestic and foreign policy, which also played a role in the presidential debate.

That's over and we have to convince the public here, the people in North Dakota and Congress that this is no longer valid. We are investing in our common future and therefore I was quite pleased to **** that we have to do semantics in politics, not mention tax, but charges.

And therefore, in conclusion I submit for example that the word foreign assistance may be counterproductive because it shows we are dancing on two different weddings and therefore I see the risk with a country that is not very internationally minded as much as yet, that also this administration will focus on bringing the domestic house in order first and then think about the other thing. It has to be done in combination. Again, by giving up this differentiation between domestic ****. We are all in the same boat. We should call it investment in the future or something as a selling argument. Thank you.

Lawrence MacDonald: Very interesting. Steve I noticed that you're burning to say something about that.

Steve Radelet: Well it's a really interesting point and your point on foreign assistance, it's ****. Two words, but we haven't come up with a better one. It's a little better than foreign aid, but it's not much better. There is lots of… I'd welcome any ideas on there, but your point about engaging Americans across the country in these issues I think is really central to this. And the mood is changing a little bit from a fairly negative view 10, 15 years ago to a much more positive view towards why we want to engage and I actually was going to turn that to a question specifically to David on his view about engaging everyday Americans in debates about developing countries. There is a more positive view. We have seen in the last few years the success of President Bush's AIDS program, PEPFAR program which is a complete surprise in terms of where he might have had one of his greatest legacies of all things. A very controversial topic at the beginning turned into arguably his greatest foreign policy success. And my question is about the politics of that.

What was it about that program where there was wide support from the American people in North Dakota and Michigan and everywhere else where they felt that this was an important way for America to engage in developing countries and what are the lessons politically for how that we can learn from that to engage in a deeper set of topics?

David Gergen: Good question. My suggestion is we come back to that toward the end and keep going to the floor so we get more voices here.

Lawrence MacDonald: And in that spirit David, I'd like to say now of course now many hands are going up. They don't have to be questions, comments are okay. Keep them brief and we're going to take several and kind of collect them. If it's for a particular person please say so. If it's not, that's fine too.

Nancy Birdsall: Lawrence.

Lawrence MacDonald: Yes, Nancy.

Nancy Birdsall: I see Kathleen Newland who might ask a question about migration which would be.

Lawrence MacDonald: Kathleen would be next. Where is she?

Lawrence MacDonald: Yes, Kathleen.

Nancy Birdsall: It would add to our agenda.

Lawrence MacDonald: And then just so that Heather can know I'm going to… the next down here and then from the back in that row.

Kathleen Newland: I'm Kathleen Newland from the Migration Policy Institute and thank you Nancy. I did want to ask a question about international migration and as you know the largest flow of foreign earnings into most developing countries comes from the money that migrants send back to their families and communities. David started by saying that he thought trade issues

were going to be a much tougher sell in a recession and I wonder if you and perhaps Steve or Nancy think that immigration has any chance of being discussed as something other than a purely domestic issue, but really as a development issue.

Lawrence MacDonald: Thanks very much. I said the lady here would be next.

Gloria Ospina: Thank you, I'm Gloria Ospina, worked for many years with the Inter-American Development Bank on development issues and one of the lessons learned is that development objectives and development agendas are usually very meaningful. The problem is how to implement them according to the political feasibility. I wanted to address this question to Mr. David given his extended experience throughout various administrations, both Republican and Democrat. How do you see in terms of this agenda which is very meaningful the political feasibility for President Obama to go ahead either on energy, trade, immigration or any of the big issues that you have mentioned? Political feasibility in terms of the political ****.

Lawrence MacDonald: Political feasibility, that's the big question of the day. Yes. We'll take one more after that.

Sam Worthington: Hi, I'm Sam Worthington from InterAction. We've seen if you look at AIDS, a partnership between the evangelical community and the AIDS community and able to draw an agenda with regard to foreign assistance and positive interest in Congress on issues like basic education and so forth and as you mentioned earlier this alliance between our broad security interests and foreign assistance. Do you think there is the possibility of a broad development framework that brings in these different elements and different interests across society and if there is a possibility of a broad development, U.S. development framework, what might it look like?

Lawrence MacDonald: It might look a little bit like the *White House and the World*, but that's perhaps a flip answer. Yes, one more.

Frank Vogl: My name is Frank Vogl, just two quick questions. First to Mr. Gergen, Nancy has talked about a champion for development. I don't think there will be a credible champion unless there is a policy on Darfur, the Congo, Somalia, and Zimbabwe. Somehow this country has to demonstrate more than rhetoric, but action in helping the very, the plight of people in those countries and the terrible plight. So what do you think? What would your advice be to President Obama to be a champion of development on those issues in terms of policy?

And my second comment, question, here. I'm a founder of Transparency International. The countries with the gravest corruption in the world today, apart from Somalia, are Afghanistan and Iraq where we have put in more military money than anywhere else. Is there some way, maybe one of the panel can deal with this, that we can finally get military aid budgets and military funding overseas into the whole equation in discussing development so that we actually have a way of not saying, "Well military, that's somebody else's responsibility." "We won't look at it." When in fact, look at Afghanistan, look at Iraq. The prospects of real development there for the poorest people is hopeless because of the kleptocracies we've helped to establish through our military. Thank you.

Lawrence MacDonald: So we've got a big agenda there. Questions about migration, political feasibility of the entire package, whether or not there is an entire strategic framework, what do we do about states in crisis, what about corruption, and finally what about the military role in development. David, turning to you, David Gergen. It's a smorgasbord. You can take any or none of them.

David Gergen: I'll be the fall guy. I'm not sure where to go. Listen, I'm still between the swinging doors dancing at two weddings. This whole notion.

Lawrence MacDonald*:* Under a wet blanket.

David Gergen: Under a wet blanket yeah, exactly. It's the immigration issue I'm encouraged at this and the migration issue. I'm encouraged that this administration will address the immigration issue over the next four years domestically. We're already seeing on the SCHIP legislation on healthcare, on effort to extend healthcare coverage to the children of illegal immigrants and that's a very, very big change in U.S. policy. It was twice vetoed by President Bush and it's going to be approved by this president. That's an important step forward. And I think that given the Hispanic engagement with the Democratic Party I think we're going to see more progress, more steps forward on the questions of immigrants within this country.

The issues of the United States taking on foreign migration questions are very much similar to the issues of taking on Darfur and the human rights issues that exist. Given how extended were are right now it seems to be the challenge for President Obama is going to be whether he can rebuild partnerships with international institutions and with international groupings that Americans don't feel that they're doing this well. We ought to be providing the lift for example, the military lift, but to put our soldiers in a variety of different places, additional places right now I think is more than we should be asking of this president. He is not going to be able to solve all of the world's problems alone. He doesn't have resources. He is going to be so resource strapped that we ought to be thinking about ways we can leverage our moral authority and we have to reclaim our moral authority before we can get there. There are ways then you can work with the rest of the world to do these kinds of things.

I mean Darfur clearly needs to be addressed, but I just don't think you can expect this president to say, "Here are five countries, we're now going to start sending

troop in." When he wants to get out of places like Iraq and hopefully will want to get out of Afghanistan. I don't know what to do about the kleptocracies that have grown up around the world. I don't think any of us has a good answer to it, but I do think it's very weird to me that when we have a country like Columbia which has made such an effort to overcome its drug problems and has got very strong leadership that when they come to us for a trade agreement and this is a country that we can help, that we say no. I don't understand it. I don't understand the politics of it. I don't understand why this has been blocked essentially by the labor unions here in this country. The Democratic Party is blocking that. It goes to Nancy, boy, if we're going to have a select group of 10,5,10, 15 countries that we really want to work with.

David Gergen: Why shouldn't we you know look how hard it is to get this done? We can't get it… You know you can't get it done and the Congress is crazy to me. So if we're going to have incentives I think these are exactly the kind of incentives that we should have. If you clean yourself up, if you're less corrupt you're going to have more trade capacity with the United States. You're going to have more trade openings with the United States. It seems to me that's essentially what you were saying I thought.

Nancy Birdsall: Absolutely.

David Gergen: And it makes sense, but then here is a case in point where…

Nancy Birdsall: We've had several rounds of informal briefings on the Hill with the Democratic leadership on this issue, so I think they're also facing you know they have their own political problems, but we have to keep….

David Gergen: But there is a **** strain in the Democratic Party right now which is very difficult and we just ought to face up to that. And how we deal with it I'm not sure, but there are many good things the Democrats bring in. I think this is one of the areas where they are less than

ideal, less than robust and but I don't know how you get at these kleptocracy questions very easily unless you're willing to provide these kind of economic incentives in part.

It comes back to also though this very, very important point of developing a civilian side of our foreign policy that is much, much more effective and professionalized than what we have now. We should find it unacceptable that if you're a military officer in this government you get well over $90,000 spent on your professional development over time. You go back and get Master's degrees, PhD and one thing or another. You have regular kind of training and if you go into the desert, Mojave desert and see what they're doing. Go out to Fort Leavenworth. They have tons and tons of money to develop our military officers and you look at what's done over at the State Department and these other places and it's peanuts comparatively and the professionalization and the professional development is just a… It's a scandal. They don't even have computer systems. In some of these offices in the State Department, sometimes you walk in and traditionally there have been three different computers in the same office because they can't combine their systems. And you go over to the Defense Department and they can show you things in 3-D.

Now at some point you have to say the civilian side of the house and you will then attract the talent then. There are a ton of young people today who want to get into for example, international public health. I can't tell you the number of people, young people that we're seeing at Harvard now who say, "That's where I want to go spend my life, international public health." They want to be involved in development and yet when they go looking around for the jobs that will allow them to do that they're not there. And that's what I mean to go back to Steve's original point, is the reorganization of this and the rebuilding of this into a professional core of people who really get into development. That's when we're going to make a difference.

You don't find… We used to have when I was going through school going to work for the foreign service was like a hugely big deal. It was a very important and hard to get into. It doesn't have that kind of glamour anymore because the jobs have not been as interesting. We've politicized. We've put so many political layers on top of the State Department and places like that. If you work your way up in the Foreign Service you may get an embassy somewhere in someplace nobody has ever heard of, but you're not going to have that kind of impact. It's really hard for the Nick Burns of the world to come up through the system.

It seems to me that is a critical part of getting all of this development agenda done is to really put the resources behind and organization behind having a first class professional service, civil service where there is lots of development that goes on and people can go back to school. That there are other institutions where you can do that and I think that's really critical now.

The last point and I'll stop is this issue of engaging the public Steve **** about. The public is going to be very, **** receptive to the Obama administration in its early months. And the issue for the Obama administration is how do you keep addressing what they think of as this burning platform on the economy and get the stimulus package done and then get car assistance done and you know get all these other things done and engage the world. They're trying to sort this out over at the transition headquarters now. How do they even speak to the world? When do they schedule it? They've got their hands full over there, but is the country willing to listen? Yes. And we've got new forms of communication now, especially with those ten million names on their database, many of whom are young.

This is a very receptive audience you could communicate with and you could really start having

exchanges with about what we face as a country, what we face as a world. And I'm encouraged and I also think that if we're going to do this let's remember that the evangelical community can be an ally and a friend on this. All this stuff about Rick Warren, people forget how good an ally Rick Warren has become on poverty and global warming. And if we're going to get a united front on these things we need the evangelicals at the table. And so this means for a lot of us stepping back from some of our… A lot of people disagree with the evangelicals and this and that and the other because they tell you, you aren't never going to go to heaven unless you fall down and be saved the way they want you to do it, fine. Now let's work on poverty.

It's worth doing and putting aside some of our condescension which I frankly think it often is, toward these folks because they can be a very, very important part of this. But I come back to the great hope is the younger generation. The younger generation is very much into this agenda. The younger generation really cares about these issues much more so than people over forty or fifty years-old. And they're willing to put their minds and bodies out there if we let them do that. They're willing to go sign up and go spend two years overseas. These organizations like Teach for America are just overflowing with applications now from people who want to go off and spend two years; three years serving in some capacity and many of them want to do it internationally. Many of them want to do it internationally.

Lawrence MacDonald: David, thank you so much. We're going to have one more comment from the floor from chairman of the board Ed Scott. Yes, Nancy.

Nancy Birdsall: Lawrence, I think we should just point out before Ed says anything that an interesting example of the energy out there and the willingness to serve is that I don't know. Steve you know, how many people applied for the Scott Family Fellowship Program in Liberia?

Steve Radelet: The program in Liberia that Ed Scott and family began and funds young people, young professionals typically, to go to Liberia for a year as fellows and working in various ministries in the government of Liberia supporting the government of President Ellen Johnson-Sirleaf and in the current round we have 15 on the ground right now, but we're looking for three fellows and we had over 300 applications for three positions and we don't pay them very much. And it's just one indicator of just the huge number of people that we go through and you can cut out a lot of those resumes, but you can get 50 or 60 great people. And it tears me up a little bit because we're looking for three which means we can get three really good people, but it also means there are dozens and dozens of people who want to do this, but we have to say no because we don't have the facilities.

David Gergen: I just want to go for one last footnote before Ed Scott. He is going to ****. It is a mark about this organization.

Nancy Birdsall: They're good friends. They're good friends.

David Gergen: There is a mark about this organization that one should understand. I think it's a tribute to Nancy and Ed that one of the alumni of this board who just left this board is Larry Summers, and I think we would all like to think we have a friend in the White House.

Steve Radelet: Two friends.

Lawrence MacDonald: And Tim Geithner.

[CROSSTALK]

Ed Scott: First I'd just like to congratulate Nancy for the recognition for CGD. As a matter of fact not only are we honored to have David on our board, but we have three Secretaries of Treasury on our board, which is not too bad. But that's not what I stood up to talk about. I wanted to ask David Gergen specifically

about the public perception and attitude issue. I mean Nancy talked about this trade idea where you try to convince people it was okay to have free trade to countries that behave themselves and David has mentioned this problem with Colombia.

You know and we've talked about the migration issue and I'm going to get back to all three of those, but I live in Brevard county, Florida and my Congressman is a guy named Dave Weldon who is slightly right of center and how slightly depends on your point of view, but he's been very, very, very supportive of the issue of the global AIDS issue. He is a medical doctor. He has been out front on all the votes. He supported the global fund in spite of the fact the he is somewhat conservative on other things. But when he goes back to Brevard County he never mentions AIDS. He never mentions the global fund. He talks about the shuttle because that's what people there care about.

Now I think that it may well be the case that a lot of these congressman that are scared out of their wits about TARP, scared out of their wits about free trade and NAFTA, scared out of their wits about doing anything about AG subsidies, scared out their wits about Columbian trade agreement are not necessarily personally in that posture, but they just don't know how to deal with the way the public perception has been shaped.

Now if you want to change the migration thing you've got to get Lou Dobbs to shut up because there is nobody saying the other side of that issue. There is nobody on the television. Night in, night out, that's the only thing Dobbs talks about. He has an anti-immigration thing every single night of the week. Nobody on the other side. Who represents the progressives on television? Olbermann or ****, a bunch of whackos you know. There ought to be some sane progressive points of view. You're the only one that saying progressive, but CNN only gives you a few sound bites every night. And so my point is.

David Gergen: If I'm the representative of progressives, you're in trouble.

Ed Scott: So my question is how do you get sane commentary to the American people so they understand this kind of proposal that Nancy would make, they understand that they Colombian trade agreement is sensible, they understand why migration on a global basis makes sense and they understand the subtleties of some of these issues because I don't hear anybody on television talking about it? And that's where the American public gets its attitudes.

Lawrence MacDonald: Terrific Ed. Thanks very much. David, I'm going to give you the last word. The difficult task of answering this impossible question.

David Gergen: I think the last word ought to go to Nancy, but let me just say this. I'm not here to defend Lou Dobbs and I disagree with him and it's been interesting. He has taken this new track over the last couple of years and I don't think he has invited me on the show since he started down that direction, which is probably a good thing.

I think the media by and large is a following institution, not a leading institution as much as I regret to say that. There are some individuals out there, but. My real hope is that the conversation is going to change now with Barack Obama coming in and that it's extremely important for him to empower others within his administration. He cannot be the only voice. I think they really need to showcase a group of people within the administration so that you've got a variety of voices who then have a kind of moral authority to address some of these issues and I think what you'll find at that point is the media will follow along behind. You'll have more people echoing those views than otherwise.

And this is a time for… I do think that this new president that even though he is going to be very

strapped and he has got his… He has just got so many issues that are so burning right on his plate right now and yet he is eager to jump in. I mean his people told me last week we're not at all sure we can take on Social Security and Medicare, it's just too much, but we're having a hard time restraining him because we want to put that down the road. You open up the Washington Post today, front page and there it is, Obama says, "I want to take on the entitlement reform." Well you know just all the staff is going crazy, but it shows I think… Some would say he is naïve, but I actually think he is very courageous. I think he is willing to take on a lot of these issues, but I think people who support him have got to be patient about how quickly he can actually get them done.

I think the important thing is to get a strategy in place, get a long term view in place, to get a sense of here is where we're going over time, but not to hold him accountable to getting everything done at once because the system is not going to permit that and he has got his politics to plan out here. I think he can do enormous good for the country and he can good enormous good for the world. And as one of the speakers said those two are becoming increasingly synonymous. But that people if… His own followers have to be willing to be generous and understanding of this and be willing to try to help him and this not just become just a free-for-all because otherwise it's very difficult to govern. And I think there are already indications that this is going to be a messy process even within his own party. He didn't win that vote by much yesterday, but he won it, which was a critical thing, but he didn't win it by much, so this is going to be a long, tough struggle. And I think that the idea is to persuade his group to get him out front and make the verbal commitments and then over time we'll take care of them one by one. But not to expect overnight, particularly given the inheritance he has. He has inherited just a huge, huge mess.

We haven't seen anything like this in a modern ****. And I think for that reason he is going to… It's going

to require generous spirit on the part the public and the citizenry to say, "We're responsible here too." "We're not just spectators." "We need to be engaged with this ourselves to help move this along." And I think CDG plays an extraordinary valuable role in that process and that's why I'm proud to be here. Now, over to you Nancy.

Nancy Birdsall: Well thank you very much Lawrence and David and thank you to Ed with that question bringing us around I think full circle actually. The only thing you didn't refer to is bashing of the United Nations and the other international institutions where I think we can also look to the next administration. We can see that already if you looked at and heard what Susan Rice said yesterday in her hearing, very strong on the need to support the United Nations. So we started… maybe it's a nice coincidence that we want the president to be a champion for development. I think we come around to a message for the development community too. He has a bully pulpit and I think he will use it very effectively, but the message to us is we have to help stick with an agenda that isn't too impatient. We have to be impatient optimists. Okay, not wet blanket, not wet blankets.

David Gergen: Impatient optimists going through that swinging door.

Nancy Birdsall: And just keep pushing through that swinging door. I think it was tremendously… It was just great to have you here David.

David Gergen: This is your team. It's your team.

Nancy Birdsall: To comment on the political, to bring a little reality and much wisdom to this discussion and I hope everyone here because you're here you must be interested in some issue around development, so we take the message that we have to stick to it, but be patient and not lose heart over the next three or four years.

Lawrence MacDonald: I'm going to ask for a round of applause for our panelist, but there are two housekeeping notes first I'd like to mention. One is that, and my staff will correct me if I'm wrong, but I believe there are copies of the book for sale and you get a special conference discount because we don't have a change box, so it's only twenty bucks instead of twenty-two and change. So if you don't have a copy of the book I would encourage you to pick one up on your way out. And the second thing is that we do have a reception. It's out the door and a u-turn towards your left, in where I believe it's called the Consulate Room and we look forward to seeing you there. I'm sorry?

Audience member: Did you say conflict?

Lawrence MacDonald: Not the Conflict Room. No, the Consulate Room. Thank you all for coming and thanks very much to David Gergen and our panel.