

**CENTER FOR  
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**PRESS BRIEFING: OBAMA'S TRIP TO EUROPE**

**WELCOME AND MODERATOR:  
STEPHEN FLANAGAN,  
KISSINGER CHAIR ON INTERNATIONAL SECURITY,  
CSIS**

**SPEAKERS:  
REGINALD DALE,  
SENIOR FELLOW,  
EUROPE PROGRAM, CSIS  
WEDNESDAY, MARCH 25, 2009**

**STEVEN SCHRAGE,  
SCHOLL CHAIR IN INTERNATIONAL BUSINESS,  
CSIS**

**BULENT ALIRIZA,  
DIRECTOR, TURKEY PROJECT,  
CSIS**

*Transcript by  
Federal News Service  
Washington, D.C.*

STEPHEN FLANAGAN: Okay, ladies and gentlemen. I'm sorry. If I could have your attention. I guess we'd like to get started. Good morning, I'm Stephen Flanagan. I'm senior vice president here and holder of the Henry Kissinger chair on international security issues and I'm delighted to be your moderator this morning.

We're going to move very quickly through the program and touch on each of the key stops but more sort of an issue focus. We're going to start, first of all, with our colleague Reginald Dale, who is, actually, not at the end of the table, at the second from my left, who is director of our – many of you know from his work in this on trans-Atlantic Media Network and also a senior fellow in the Europe program. He's going to touch on U.S.-EU relations, trans-Atlantic – various other aspects of trans-Atlantic relations and the all-important question of what is Barack Obama going to do to make up for – to Gordon Brown for those crummy CDs that don't even work that he gave him? But I think he's been putting on his thinking cap and how he can overcome that.

Then Steve Schrage, who is our Scholl chair in international business, will touch on the G-20 agenda in some detail. Then it will come back to me. I'll touch on the NATO summit agenda, the Strasbourg-Kehl summit, the joint Franco-German hosting of the summit.

And last but not least, Bulent Aliriza, the director of our Turkey project here, will touch on the president's two-day stop in both Ankara and Istanbul, which is promising to be one of the more interesting parts of the trip.

So we have provided you with a number of background papers, as well, on all of these issues, including just one commercial word of fabric advertisement: the advance of a major study that Bulent and I and a number of other colleagues that have been involved in here. I'm looking at the U.S.-Turkey relationship and where that is going and how Turkey is changing internal dynamics and its relations with all of its neighbors are going to affect U.S. interests.

But let me turn, then, first to Reggie Dale and for a review of some of the broad trans-Atlantic issues in U.S.-EU.

REGINALD DALE: This will be rather broad but I thought I thought that as there's so little time, I'd do some series of bullet points. And the first bullet point is very – a general point, which is that President Obama has been talking for many months, if not a year or more, about the need to restore U.S. leadership around the globe. This trip is his first chance, actually, to start doing something about that; putting these promises into practice. For the first time, he'll be sitting around a summit table – several summit tables – with world leaders. He'll be there as the first among equals, which is the first time he's been in this particular environment rather than being on a pinnacle by himself, as he is in the United States.

So the other governments will be looking – well, regardless, this is a real test of his leadership, particularly, I think in the economic section, where the whole world is suffering and there's a real opportunity for the president to show global leadership by – which, in fact, he has not yet done in all of his talks to the United States, including to the U.S. audiences, including last night's press conference. It has entirely been in domestic, U.S. political terms.

Now, that's obviously understandable in terms of U.S. politics but he has not, so far, attempted to place the economic crisis in a global perspective, say what he wants to do for poor people around the world, take a broader look at how America depends on the global economy and on exports and, therefore, should combat protectionism. And I think there will be a real expectation for him to step up to the plate in that respect.

Secondly, second point, this president is the first for decades who has no – virtually no experience or knowledge of Europe and I think not much instinctive feel for it. One could provide a couple of examples of that but I want to move on quickly.

Nevertheless, he remains a superstar in European public opinion even more than here, in fact. The latest poll I could find on this was one taken just after the inauguration, which showed that whereas in the United States, 68 percent believe that Obama will have a positive impact on the course of international events, in Europe the numbers who believe that he will have a positive impact are 92 percent in France, 90 percent in Italy, 85 percent in Spain, 82 in Germany and 77 in Britain.

So, actually, there's even more expectation that he will have a positive impact on the world in Europe. One might even say that Europeans seem to be more in love with him than he is with Europe. In his Berlin speech last July he talked about the walls. He said the walls between old allies on either side of the Atlantic cannot stand.

Now, that was somewhat hyperbolic because, actually, there weren't – there aren't many walls to dismantle. In his second term, President Bush had made a big effort to repair relations with Europe and particularly with the European Union. He had actually moved towards the Europeans in a number of fields such as Iran, Middle East peace and climate change. And the relations were pretty good, at least, between governments.

Now, Obama's policies are closer to European policies in a number of respects: on climate change, for example; his commitment to a multilateral approach to world problems; and on the domestic issues like universal health care. That is something that Europeans, of course, feel sympathetic to.

And as Gordon Brown – so there's a big opportunity for a closer relationship. Gordon Brown, when he was here just recently for his address for joint houses of Congress, said never before had a U.S. president faced so many pro-American leaders in Europe and he was referring, of course, to himself and President Sarkozy in France, Chancellor Merkel in Germany and Prime Minister Berlusconi in Italy.

Now, that doesn't mean there are no differences. There are, both between President Obama and Europe and among the Europeans themselves. There are differences between the U.S. and Europe on Afghanistan, on Russia, on economic policies, and particularly an area that the Europeans feel extraordinarily important, is the whole area of trade, protectionism, the Doha round of talks, which is, in fact, the biggest multilateral effort underway in the world today. And that, I think, would be the area where I would, if I was writing his talking points, I would say that he should show the most leadership.

Steve referred to his relations with Gordon Brown. Well, there's certain amount of public relations making up to do there, I think, because the British press, at least, is convinced that President Obama dissed Gordon Brown in Washington, both in terms of the inadequacy of his gift and in terms of substance and particularly – but particularly in terms of protocol. And so – it'd be nice if he could make some sort of gesture there.

The splits inside the EU are over areas like the degree of economic stimulus the European should apply. There's a lot ill feelings in some countries, particularly in Eastern Europe, that their Western European colleagues are not showing enough solidarity in confronting the economic crisis. And there are splits over how to deal with Russia and that would be reflected in any attempt if Obama wanted to round up the Europeans for a joint policy or joint initiative towards Russia.

Now, so you could say – well, in most of these areas, actually, the U.K. is closer – as it often finds itself – closer to the U.S. position than the continent – to the continent, particularly on the need for more economic stimulus and on the need for a bigger effort in Afghanistan. On both those issues, you'll find the U.K. sort of rather uncomfortably straddling the Atlantic.

So I think one could sum up by saying a couple of things. One is that by the end of his second term, Bush was much closer to the European governments than he had been but he was still strongly disapproved of by a lot of the general public whereas Obama is adored by the general public but still has to prove himself to the governments.

And in approaching that, I think Obama will be driven, not by the kind of sentimental, nostalgic common-values-we-share sort of approach that is normal for U.S. president but more – it'll be – his approach will more be governed by what are the U.S. needs for partnership in solving international problems. And I hope that doesn't lead him to underestimate the contribution that Europe can make on many of these issues. And I'll stop there for now.

MR. FLANAGAN: Great. Thank you very much, Reggie. Steven Schrage, you have the biggest agenda.

STEVEN SCHRAGE: Yes, and I think this is going to be a very challenging meeting and I think there's three key points I'd like to make on this. First of all, the stakes are incredibly high. In our briefing before the G-20 meeting last November, I said the idea that you would somehow try to rework the entire financial system in a Bretton Woods 2.0 at that point and time was kind of like calling together the fire chiefs in the middle of a five-alarm fire to restructure the fire department.

Now we're five months later. We're at a different stage. There's been some encouraging signs but we're still fighting a fire that is still uncontrolled and has spread from the U.S. financial and housing markets to virtually every corner of the globe. It's wiped out world trade and GDP growth in a way that we haven't seen in a half century. And perhaps most importantly and overlooked, it's sowing seeds of potential instability with unemployment, protest, you know, spreading across the world all the way from Latvia to China in a way that I don't think has been fully understood by the political process.

And most government action, I would say, a lot of think-tank analysis on this tends to be, I'd say, a step or two behind the spread of this, of this phenomenon, this fire trying to shore up, at times, firewalls that have already been breached. For example, there has been a lot of debate about the lessons of the Great Depression and the failed 1933 economic conference but most of these have focused on the economic aspects when in reality, the Great Depression really wasn't ended by any economic action. It was ended by conflict that spread from instability and ultimately authoritarian regimes.

Now, no one's suggesting we're at the 1930s right now. We're far from it. It's a different world but when you got the director of the national intelligence for the United States saying that the economic crisis is now the number-one national-security threat and seeing the raw data, it's something we really need to pay attention to.

And as Reggie mentioned, it's also incredibly high stakes for the individual leaders. You know, President Obama is not only confronting the biggest challenge he faces, he's doing it for his first time on this type of world stage. He's doing it just weeks into his presidency when many key members of his team, particularly Treasury, aren't on board yet. Others are under fire for the AIG or other aspects of the financial rescue packages. So it's a very challenging time from his perspective.

Also, from the key EU leaders, you've got Gordon Brown facing election before 2010; Angela Merkel facing elections; many other EU leaders that will have their own political pressures going forward. You may have potential widespread protest in London as this develops. China is being called on to do a lot more but it may fall below the 8 percent growth rate that it targets to prevent internal instability. And you've got all world leaders very cognizant of the fact that any open disruptions or disagreements could shake markets and shake confidence in the way going forward.

So you've got these high stakes. I guess the second question is, is the G-20 really addressing the core challenges we face? I think in the run-up to the conference, you've already seen governments dampening down expectations and I think there's a real risk of a disconnect between the level of the challenges we have to confront and what we're going to be able to achieve through a one-day conference, especially with a new administration that's only been several weeks in office.

In terms of the immediate economic areas, things that economists look at like stimulus policies, monetary policies, reviving the banking system and lending, this has been hurt by, you

know, widely publicized rifts between the EU leaders and the U.S., even in terms of metrics for stimulus and whether additional stimulus is needed and in terms of – also in terms of monetary policies and rates. We have a new, fairly aggressive bank policy that it was only unveiled this week so there's going to be questions. Is there enough time to coordinate or see how it's taking hold?

The EU and others have pushed international regulation to the forefront of the agenda and I think there's a widespread agreement that we're going to have to look at both international and national strategies on regulations. But the key question, again, is in the middle of this crisis and this firefight, should we be focusing on long- to mid-range things when we still don't have control of the basic dynamics going forward?

And there's also a number of efforts, kind of what I would call "shoring up the firewalls" or if we use the Katrina analogy, "shoring up the levees" of this unprecedented storm that we're facing. I think we are going to see some positive action on the IMF in terms of increasing IMF funding. China looks like it may give up to a hundred billion in this tranche. I think the IMF itself took some key actions in terms of lowering standards so that more people will have access to funds. It was announced, I believe, today or yesterday.

On trade, I think this has been some of the most disappointing part of the G-20 in November. It was really a toothless tiger. It gave this, you know, apparently strong statement about halting protectionism and reviving the Doha round that was routinely ignored or honored in the breach as 17 of the 20 G-20 members enacted new protectionist measures. It was interesting to see whether there will be anything more than symbolic statements at this meeting.

Oh, I think there's some evidence of progress potential and trade finance, which collapsed in the crisis. But one of the problems is, again, in this storm, this system – our world trade system was built to deal with one or two violations. If everybody is passing by American provisions or pushing the balance of what's legally possible and it takes two years for a WTO case to go through, you could have a meltdown before the system could address it. So what are doing to shore up and expedite that kind of processing?

On wider strategic issues that I mentioned, there doesn't seem to be much on the agenda other than I know President Obama has mentioned food security, which may kind of creep in under that front though the situation in Eastern Europe on the doorstep of the conference could push this to the forefront on the days ahead.

So, finally, you know, given these lower expectations, what's to watch for in the summit to see if it's a success? And maybe the most important piece of it may be that we're setting up a process going forward, which isn't even a given at this point in time. One thing to watch is, obviously, are the underlying divides that we've seen being deepened or actually being bridged; obviously, the U.S.-EU divide on regulation versus stimulus; China in terms of the IMF, you know, but also participation and how we allow emerging powers to have a greater role.

But one thing that I think was key to watch in the finance minister summit was the first ever – the BRIC countries issued their own statement. That's Brazil, Russia, India China. And

you've seen Russia and China call for a new global currency, concerns about U.S. debt and the management of our economy. Is this going to be a competing bloc and then how are the other emerging powers that are at these conferences are going to align either with the traditional G-20 or maybe a new BRIC bloc? That's very early stages and something we'll have to watch.

Second thing is more than words. You know, are there going to be any other concrete actions besides – always, I mentioned are operational ways forward. How they plan to do something in the G-8 or G-20 is as important as what they pledge to do. They really have no operational capacity, I know from leading this effort on crime and terrorism in 2004. You know, they can make these pronouncements but if there's no follow up, not much gets done. They don't even have a secretariat, so they tend to task agencies like the IMF, the financial stability forum, the WTO, but do these institutions even have the resources, capability or political will to tackle these unprecedented challenges rapidly at this time? And there's even a debate on the future of the G-20 leaders process. Is this going to go on? Is the G-8 going to reemerge? So it's really open, so we really got to see is there a roadmap going forward?

And then, finally, is there any recognition of these broader security challenges that I mentioned; that this has gone beyond being a pure economic crisis to being a political, strategic and potentially security crisis or are we missing some of the greatest lessons of the old – of the Great Depression in the 1930s. So that's a lot, I know, and a lot to chew on and I look forward to your questions and thoughts on that.

MR. FLANAGAN: Thank you, Steven. So I'll touch on the NATO agenda and I'd like to just first of all outline a bit: Why the NATO summit? What's the significance of it? What was – what is the overall goal of the rest of the allies and then talk a little bit about what does President Obama and the U.S. administration hope to get out of it. What would be sort of cast as a success given that this is also, as some of my colleagues have mentioned, his first meeting with all of his fellow heads of state and government, as they say in NATO, who will be attending the NATO summit: 26 going to possibly 28 members of the alliance.

So the summit, like those of you who have covered NATO know that oftentimes NATO schedules a summit and wants to highlight one thing, some part of it is evolution or development and indeed that was part of the goal even many years ago when it was decided, of course, this important milestone, 60 years of its existence would be a great time to take stock and focus on the alliances, past successes and future direction. But, of course, like many other NATO summits all through the '90s that ended up focusing on the Balkans, this summit is going to focus on Afghanistan.

There's no question about it. But let me talk a little bit, though, about the other parts of the agenda, because of this fact that it is sort of an unusual summit. And the notion that it's being held jointly in Strasbourg, France, and Kiel and Baden-Baden, Germany, is to be partly symbolic, and to reflect the fact that NATO has contributed, in enormous ways, to the stabilization of Western Europe, and the recovery of those countries, and the development of the European Union.

And that sort of touchstone, coupled with France's decision – and a very controversial one, as many of you know within France – to rejoin – or, as they prefer, to “engage in full participation” – in NATO's integrated military structures is another part of the symbolism of its being a Franco-German event.

The timing is certainly not optimal from the Obama administration's perspective, because coming in very early before all of its policy reviews are completed – first of all, in Afghanistan, but also on a number of other issues related to transatlantic relations – has made it a bit challenging, with not all of the full interagency team in place. But, nonetheless, obviously, consultations are going ahead – and, particularly on Afghanistan, there's been a great deal of back-and-forth.

On Afghanistan, the summit agenda – just as – actually, there was a summit last summer in Bucharest, in April – almost exactly a year ago. This domination of the question of: What is NATO's future mission in Afghanistan? And, of course, looking first to the strategy – the new strategy and approach that the Obama administration will be putting forward – but also to look at how NATO might restructure its own activities. And what – you know, the critical juncture, at a time when, as you know violence is continuing to increase in the South and the East.

Even in during what is normally considered a relatively less-intense period of the counterinsurgency, now, with the high part of the – with the snows melting in the mountain passes – and, obviously, the problems of sanctuary in Pakistan coming – this whole question of: How can the Alliance deal more effectively with this erosion of security? And how, also– And there's a lot of discussion over the last several years of: How can the Alliance better integrate both some of its activities that deal with stabilization and reconstruction, and the development of civic action, but also with other international organizations, and with the Afghan government, itself.

And that is a big part of this agenda. And so defining that concept, and how this will fit in with what will be presented – I think not as a fait accompli, but as a proposal for further discussion and refinement of the Obama administration's strategy, and how the Allies can support it.

The other big issue out there that was a bit previewed already – there was a NATO ministerial meeting earlier this month. Of course, Secretary Clinton was there to discuss the whole question of Russia. There was a ministerial decision to essentially agree to go ahead and resume, as soon after the summit meeting, a NATO-Russia dialogue within the NATO-Russia Council – and also looking for specific elements of future cooperation. The big question is: Well, what is it that the United States and its allies want to do with Russia in that context? And that will be, certainly, an area of discussion.

There is, also, the question of what to do about the very robust commitment that was made last year to Georgia and Ukraine that they will, indeed – will underscored – become members of NATO someday. Enlargement is not on the agenda this time. There will be some effort, though, to discuss the commitment without walking away from it, and how relations with Georgia and Ukraine can continue to be strengthened, both by NATO and other member

countries. But there is also the question of: How will that be balanced with this opening to Russia?

There is sort of one bit of tidying up. Two of the Balkan countries, Croatia and Albania, had been invited earlier to join the Alliance – and it looks like that Croatia will join, making it number 27. And Albania possibly, if all of the necessary protocols are ratified by the various member governments. So that's another bit of the agenda.

Lastly, the summit will launch a process – and this is a bit of NATO internal business and housekeeping, but it has broader strategic significance – and that is the question of NATO's new strategic concept. There's broad consensus that the Alliance strategic concept, which dates from 1999 – essentially, the blueprint for: What is the nature of the challenges NATO confronts? And how should the Alliance be organized to deal with them militarily, and in its political dimensions? That hasn't really been refined for a decade.

Well, that last concept – and I actually was involved in some of the drafting of it, in government at the time – was very focused on the question of instability along, and the near periphery of Alliance. You know, particularly the lessons being learned at that time, in very hard ways, about dealing – and NATO's role in peacekeeping in the Balkans. But it really predates the whole awareness that came, also, starkly after September of 2001 – about the global nature of security problems.

The last strategic concept didn't say much about terrorism. It talked a little bit about proliferation of weapons of mass destruction. It did talk about, you know, some other questions – of the need to enhance integration of efforts in peacekeeping – but it didn't really grapple with this notion of these kind of very long-duration missions that NATO's finding itself involved in.

And related to this – and one other last bit of housekeeping which could be somewhat controversial, although it looks as if it's coming together. The current secretary general of NATO, Jaap de Hoop Scheffer of the Netherlands – his term is expiring right after this summit. The leading candidate, who has the support of the U.S. – evidently, and most of the major European governments – is the Danish prime minister Rasmussen. However, he is somewhat of a controversial figure in Turkey because of the whole cartoon episode a few years ago, and the idea that this could be controversial.

There are a couple of other dark-horse candidates – Peter McKay, the Canadian defense minister. And there's sort of another candidate – who's sort of there, I think, in the mix more to make a point – Radoslaw Sikorski, the Polish foreign minister, who wants to make the point that 10 years after the Central European countries joined the Alliance, it's maybe time for the Alliance to have a Central European secretary general.

Now, just quickly on Obama's measure of success, or what the administration hopes to get. First of all, it's very much the same sort of sense as Reggie talked about. Obviously, this is President Obama's chance to be among his peers in the Alliance, to establish his style of leadership. There's tremendous expectations – and, indeed, a lot of discuss, I think, of people in

the government – about: We have to, you know, sort of manage expectations. And this is not – you know, this is going to be a step-by-step approach.

But I think the goal is, I sense, is to provide a balance of providing a strong sense of leadership, but also – and the emphasis that you saw in some of Secretary Clinton’s consultations, and other consultations in the administration – that, also, we have a president now who’s listening. That was one of the big laments, I think, about the previous administration, that they seemed to be more in broadcast mode all the time.

And even going back further, and looking at other administrations, this whole question – this delicate balance within NATO – and within, really, the transatlantic relations more broadly: How do you provide a sense of strong American leadership without making it look as if we’re just coming to give them the plan? And hoping that they’ll all fall in line smartly behind us. So that will be – And I think, you know, President Obama is as gifted as anyone in trying to strike that kind of balance.

Now, on Afghanistan, I think their American expectations are being lowered – or Europeans are trying to lower American expectations. And, indeed, some of you might have heard the British Defense Secretary Hutton last year – last week, I’m sorry – Hutton. He was noting how he, too, didn’t expect there to be much in the way of additional European combat-troop commitments. There may be some modest additions, but it’s more likely that European governments will be offering trainers for both the Afghan national army and the Afghan police.

But, also – and there is some effort underway within the EU – in fact, led by the Polish foreign minister Sikorski – to try to develop a “friends of the EU” for Afghanistan, that would try to provide some additional capability on the EU side to strengthening governance and civil society within Afghanistan. And so that will be very interesting to see, if there is anything forthcoming – and I think there will be. But the other thing is to basically secure a strong endorsement of the U.S. strategy. That will be, certainly, a mark of success for the Obama administration.

On Russia, I think the Allies will be looking for: What is the Obama administration’s approach? I think, given all the focus on the financial crisis – and the Afghanistan-Iraq rebalancing – I’m not sure how far along the policy is on Russia. Clearly, the arms-control agenda in the U.S. bilateral context – START follow and other things – will be given some prominence, in the sense that the administration wants to move out on that.

But the whole question of, what would the U.S. like to see the Alliance do with the Russians? What are areas that we see of useful mutual cooperation? I think has yet to be defined. Or I haven’t seen any signs that there’s a clear commitment on that. But there is some hope that, perhaps, there can be movement back.

One sort of interesting issue that’s out there in the background, which is very related to NATO’s operations, is this notion of a Northern Corridor of resupplying the ISAF mission in Afghanistan – which would run through Russia. And that could be one of the big issues on how: Is NATO willing to have Russia have, in a sense, a bit of control and leverage over its supply

line to the international security force – you know, from Western European ports through Russia, into Central Asia and then on to Afghanistan? So to have a secure northern route, given the perils of the southern route.

And, so, lastly, this question of: You know, the president needs to show that he's established a clear process for – an effective process – for developing this new NATO strategic concept, and put forth some ideas on internal reform. And, also, that he's struck a new approach in a welcoming of the French into full participation in the Alliance, because I do think that that will both give France influence in the Alliance, and NATO some additional, and quite capable, military assets.

But, also, hopefully, finally, square the circle – or begin to square the circle – on some of the difficult questions of NATO cooperation with the European Union. And the whole concern that France was really pushing the EU security identity and capabilities as an alternative to NATO. And, hopefully, this will begin to put some of that to rest, and NATO and the EU can find some way to cooperate.

So let me turn it over now to Bulent for a discussion of Turkey.

BULENT ALIRIZA: Yeah. I'll keep it brief, because I know you've got questions, and it's 20 to 10.

You may be wondering why it is that he's going to Turkey, but there is, actually, a thematic link between his first three stops and the one in Turkey. And it's also of great symbolic importance.

Turkey's a member of the G-20, and Prime Minister Erdogan will be participating in the meeting in London. Turkey's also a member of NATO. It actually possesses the second-largest army, after the U.S., in NATO, so it's very much a component of the effort to strengthen the transatlantic defense cooperation. Of course, with respect to the first stop, Turkey's an emerging market. And having been very successful in its recovery program, it obviously is going to be affected by the crisis. So that will be something that the Turks and the American president will talk about. And, of course, the third is that Turkey's in the middle of an accession process – trying to get into the European Union.

There are many problems with respect to that process. The U.S. has been very supportive, and has been trying to use its influence with the Europeans. And so you can actually see the logic which led to the choice of Turkey when you take the overall trip into account.

But there's also great symbolic importance attached to the trip. Turkey's not just a member of the Western community of nations, but it's also – because 99 percent of its population, it's a member of the Islamic world, that President Obama has been trying to reach out to. Echoing Reggie, Obama will start with a great advantage when he gets to Turkey, because his name is not George Bush. He was extremely unpopular in Turkey, as well as in the Islamic world. There's a sense of goodwill towards the U.S. – and, particularly, towards

President Obama, with his assumption of power – and the entire Islamic world will be watching the speech he will be making at the Turkish Grand National Assembly in Ankara.

Now, the administration has been at pains to stress that this is not the great speech that he promised to make in his first hundred days directed at the Islamic world. But this may be a distinction without a difference, because he's going to a country which is Moslem, and the entire Islamic world will be watching to see what kind of message he gives. And whether he will, indeed, move away from the confrontational relationship that characterized the relationship between the U.S. and the Islamic world during the days of President Bush.

The prime minister, Turkish prime minister, has publicly called for a redefinition of terrorism by the U.S. as it fights the global war against terrorism – a phrase which has not been used by this administration – because he said that was just too broad and was alienating the Islamic world. So the words will have to be chosen very carefully when he gets to Turkey.

Beyond these, what are the issues that will come up in Ankara? One is, of course, Iraq. Turkey did not back the U.S. when it went to war in 2003. It caused the great crisis in U.S.-Turkish relations. U.S. troops were not allowed to go through Turkey in order to attack Iraq.

Now, Turkey's willing to cooperate, as the U.S. begins to withdraw, and Turkey's obviously going to be a key country in trying to maintain stability after the U.S. withdrawal. The problem there is that Turkey has a difficult relationship with the Kurdish administration in the North, and particularly with the PKK basis, from which terrorist attacks have been launched on Turkey.

Syria and Iran. Turkey encouraged the Bush administration for the resumption of dialogue with Syria, and the initiation of a dialogue with Iran, to little avail during the Bush administration. The Obama administration may be more open to Turkish suggestions on both of these issues.

Turkey also played a key role in the indirect negotiations between Israel and Syria – something that the administration wishes to encourage. It's not clear when that will pick up, and whether the Netanyahu government will be as keen as the previous government in utilizing the Turkish goal on this. The problem there is the Turkish criticism of Israel during the Gaza war, and its advocacy role for Hamas. It's something that the U.S. has not been willing to pick up.

Beyond that, there's Afghanistan and Pakistan. Turkey has diplomatic leverage with both countries – that are Moslems, of course. But the Turkish government may not be open to the idea of sending combat troops. It's something that has been mooted in the context between Washington and Ankara.

The Turkish general staff has said, not a single combat troop will be sent to Afghanistan, and the Turkish defense minister confirmed that just a couple of days ago. So he may be as – he may come as empty-handed with Turkey as he's likely to with the other Europeans when it comes to this issue.

And, finally, the biggest issue on the U.S.-Turkish agenda – which you may be familiar with – is the Armenian-genocide resolution. This will come up – this will be brought up by the Turks. It has been – the resolution has been introduced in Congress. The Turks are worried that, having committed himself to supporting the resolution during the campaign as a candidate, President Obama may not follow the example of Presidents Clinton and Bush in opposing the resolution – and may, in fact, use the word “genocide” himself.

Frankly, none of the areas of cooperation that they will be talking about will materialize if this passes, because the Turks will undoubtedly retaliate, and we may go into a deep freeze in the U.S.-Turkish relationship if it passes.

One last word of caution. Of course, it’s welcome news to the Turks that the new American president is coming to Turkey so early in his administration. But the reason it’s occurring before the U.S. has actually put together – finishes a review of U.S. foreign policy, and has determined how Turkey will fit into this equation.

The U.S.-Turkish relationship is a very complicated one. There will undoubtedly be problems down the road. And the fact that the visit is occurring so early before the review of U.S. foreign policy has occurred may create problems. But, nonetheless, it’s welcome to the Turks, and it’s a good development that he’s going to Turkey.

With that, I’ll stop.

MR. FLANAGAN: Great – thank you. Okay. Well, we look forward to your questions and comments. Yes.

Q: One broader question about the G-20. In the six decades since World War II, you know, American dominance and leadership of the international economic system has been pretty much unchallenged. The current crisis has given way to challenges to the dollar as the international currency, to calls for letting emerging economies have more say. How real is this threat, and how much is it a challenge to President Obama?

MR. SCHRAGE: Well, I would say, right now, I think what you saw with the flow of capital in the United States is that we still– You know, for all the talk about multipolarity, I think it’s really a multi-tiered and multidimensional world – but the United States is at the center of so much of that.

But it does raise a real question. That’s not a given going forward. Particularly if we have kind of irresponsible fiscal policies – or we let our debt get out of control; or we fail to manage this process properly in the next couple of years – that is a real risk. And I think you see, with the statements of China and Russia on a new currency model. You know, I don’t think that’s realistic in the short term. But, over the longer term, they see the projected deficits for the United States, they see that we may not be tackling some of our long-term problems. And if that trend continues, I think there is much more of a risk that we would lose our ability, you know, with being the central reserve currency, with the world having confidence in our market. So a lot of it’s going to depend on U.S. leadership over the next couple of years.

Q: How much is that a challenge to President Obama?

MR. SCHRAGE: Well, it's a huge challenge right now because you can see people kind of already rustling – you know, even before some of these plans go forward, even before the United States has seen any kind of run on its currency, or really challenge to its Treasury bonds, they are already, you know, kind of rattling the sabers about what's the problems if the dollar gets massively devalued, or the U.S. economy fails to take hold. So I think it's a clear warning sign that they've got to address this up front, and if they don't, there's going to be severe ramifications from global markets.

MR. DALE: I'd like to just add one word to that. For the whole period since World War II that you mentioned the United States has been the champion of the open free-market global system. And that is now what is under threat from various directions. So it's really up to President Obama to step in and confirm that the United States is still the guardian of the global system, which the United States was instrumental in creating after World War II and which it has always been the leading champion of.

And also to set an example because if it's the United States begins to relax into protectionism with Mexican trucks and buy-American clauses and all that, then everyone else in the world will say, well, you know, the U.S., they're the big free marketers. Why can't we? So I agree that it's very important.

MR. SCHRAGE: I just wanted to add, I think Reggie's exactly right on that point. One of the key things you see is all the trade talk that's going on right now is all defensive. You know, it's all kind of like how do we prevent backsliding. And if you talk to people, if there's no offensive agenda it gets very risky because people again push the bounds of these buy-America acts, or what they can do domestically in terms of protectionism through subsidies. I mean, subsidies to autos or others could basically be a Smoot-Hawley 2.0.

I mean, there's a lot of ways you get to this race to the bottom of protectionism that don't involve tariffs, and if everybody's pushing that system and you've got a WTO system that doesn't have the political will to step into the breach, or the capability to quickly review these, you've got an incredibly dangerous situation. And at the same time you've got an administration that has yet to really take a strong position on the WTO Doha round. South Korea may be chairing the next G-20, where you're shoring this up. We may be walking away, or at least slowing down the U.S.-Korea FTA at a time when the EU looks like it's going to complete one and may sign it at the G-20 meeting. So it's really raising questions about what kind of leadership the U.S. is going to show towards open markets. I think that vacuum can quickly become very dangerous.

MR. FLANAGAN: The gentleman in the back.

Q: A couple of questions, one for Reginald Dale and one for Steven Schrage. Reginald, you tantalizingly said earlier on that you could provide a couple of examples of how Barack

Obama has no instinctive feel for Europe. I wonder whether you could fulfill my curiosity on that.

And Steve, I was interested in what you said at the end of your piece about whether the economic crisis could yet become a wider security crisis, and the lessons from the 1930s in that respect. I wonder whether you'd just expand on that thought a little bit.

MR. DALE: I'll give you just a couple of examples. One was when Obama went to Europe last July, and first of all started by asking to give a speech at the Brandenburg Gate, whereas virtually anyone who knew anything about Germany would have been able to tell him that that would not – not only would that be refused but it was sort of hubristic or presumptuous to ask for that. And in his speech in Germany he addressed the people of the world. It was all about – he said people of Germany, people of the world. He uses the platform for talking to the whole world rather than focusing on the European issues. And when he did, he talked about these walls and the Atlantic, which don't actually exist.

And secondly, I think he didn't have the right feel in his meeting with Gordon Brown just recently. The British press vastly exaggerated, I think, some of these issues, but it was great fun anyway, the stories were. But the whole sort of body language when he was giving the briefing, answering a few questions with Gordon Brown. His whole action seemed as just he didn't think this was such a big deal as the British did. Britain is the United States' – probably still its closest ally. It's got the biggest contingent of combat forces in Afghanistan after the United States by a long way. It's a member of the U.N. Security Council, cooperates incredibly closely with the United States.

And he does give the impression that he sort of appreciated that, and then he now has to sort of do something – I'm not quite sure what – to try and repair that public relations lapse. It's going to be difficult because if he comes to Britain with another gift for Gordon Brown then it implies the first one wasn't adequate.

(Laughter.)

MR. SCHRAGE: No, on the lessons of the Great Depression I found it really interesting because there's been a couple of talks, and most of them all debate, you know, was it fiscal policy, was it monetary policy, but they kind of avoid this whole issue that we really don't know because ultimately everyone turned inward and it led to this instability. And again, like I said, no one's suggesting we're in the 1930s right now. But you've got a situation where we are turning inward. I mean, you look at the first State of the Union style speech, or the presentations, most of it is not focused on foreign policy. You know, it's been focused on internal domestic economic challenges, which is what I think happened at that point in time.

I think we run a real risk. I mean, you look at like the coverage of the newspaper headlines in 18 months before this crisis, you would barely see anything about housing bubbles, or financial challenges. You know, they were all buried on the back pages. It was all Iraq, Afghanistan, Iran, Russia. You know, now it's flipped 180 degrees and none of those challenges went away. And indeed, the financial crisis may make many of those worse. I mean, you've got

a huge population bulge across the greater Middle East that was concerning people when oil was at \$150 a barrel.

Now that it's more around \$50 a barrel, you know, it's still going to be a great challenge. You've got potential unemployment and instability, you know, everywhere from Eastern Europe to protests in China from unemployed workers. I think these are not things that may be bubbling to the surface right now, but when you've got people like the director of national intelligence that are seeing the raw data in the field, and they're saying already, kind of raising warnings that this is our number one national security challenge, the risk is that we're behind the curve again, as we were approaching the economic crisis, and realizing that we may have to be prepared to take rapid action to shore up countries or institutions as they face these challenges, everywhere from Mexico with – you know, you've seen a lot of press lately about the drug lords and kind of the instability there. So I think we've got to focus on both and realize the security interconnection in a way that I think is really rare and hasn't really been done.

Q: Are you seeing evidence of rising nationalist ideologies – (inaudible, off mike).

MR. SCHRAGE: Yes, and I think Steve can add some things to this too. I think you are seeing that in terms of a lot – I mean, even people that are open market, free market advocates, you had Gordon Brown talking about British jobs for British workers, you had President Sarkozy talking about pulling back in auto manufacturing plants into France, or jobs. So you've seen some of that domestically and some of that is focused by other groups that may take an even more militant stance towards nationalistic moves. So I think it's a natural response to some of these economic challenges, but it's one we've got to be very cognizant of.

MR. FLANAGAN: No, I was just thinking, in some ways some of those Central, East European countries have been bellwethers on this. You've seen obviously two governments fall already – Latvia and Hungary. Rising expectations in all those countries has been diminished and led to a lot of social turmoil. So you see in Hungary and some other places rising sort of anti-Roma, gypsy sentiment, anti-foreigner, some xenophobic – growth of some of the sort of xenophobic kind of extreme right parties. I think it hasn't really ballooned yet but it is a worrisome trend and I think a number of people, including as Steven said, the DNI and others are looking at this, and what does this mean longer term.

But you even see some turmoil in some other very stabilized European countries. Obviously the Garda in Ireland demonstrating about layoffs there, the national police there, some concerns about the social fabric there. Not saying Ireland's going to be unstable, I'm just saying that there is a lot of social turmoil out there about where are some of the layoffs going to come, particularly in countries where you have a large public payroll.

Let me turn over to questions. The lady in the back.

Q: I'm Sabina Muskat (ph) from the Financial Times Deutschland. I have a question for Dr. Flanagan about the future role of NATO. I would just like to hear a little more from you on where you see the debate going with regard to what NATO should be between the different poles from being more a defensive alliance or an interventionist alliance, especially in times where it's

hard to get troops for anything. And also if you think that the new administration has had enough time to think about these issues, or if they were totally preoccupied with their Afghanistan strategy. Thank you.

MR. FLANAGAN: No, it's a very good question and I should have touched on it a little bit more but I was trying to be concise. But yes, there really is a debate. One of the questions that will be really sort of brought out in the discussion of this new NATO strategic concept is how much should the alliance focus on what it calls sort of these long-distance expeditionary missions in dealing with instability that – and other problems out in the far reaches away from NATO territory that could affect NATO security. So Afghanistan being particularly one of those missions.

But even in sort of the nearer periphery, in the Balkans, NATO is still involved in, obviously, a major mission in Kosovo. It's supporting the EU mission in Bosnia-Herzegovina in some ways. So there's still a lot of NATO engagement in – and there's a study that's available on our Web site that we did with a number of three other think tanks here in town on NATO's future direction.

We talked about this idea of a need to rebalance between NATO's involvement in what we call the away game, or the game out there on sort of preventing threats from reaching alliance territory, versus some desire on the part of a lot of the publics, and particularly in European countries that have seen recent terrorism episodes in Madrid and Istanbul and London, that NATO ought to be seen as a bit more active in doing – and Central European countries also worried about this vis-à-vis Russia.

NATO needs to rebalance and be sure that it has effective capabilities to address the potential for direct threats on alliance territory, be it from terrorism, weapons of mass destruction, and of course for some of the Central, East European countries, particularly the Baltics, the sense that, does NATO have credible plans to come to our assistance if indeed for whatever reason we had some kind of a little dustup with the Russians, or the Russians argued that they were coming to defend Russian-speaking citizens in Latvia or Estonia, how would NATO respond? So those are all difficult questions that will need to be addressed. But I think what you are going to see is some rebalancing.

In the discussion of strategic concept this will be not so much coming before the summit, but longer term this idea that NATO needs to rebalance somewhere where it's putting its investment and showing how it's also – and indeed, some of the stuff that needs to be done for the home game is not necessarily that expensive but it's more a level of attention to do what NATO would call some deliberate, or they're now calling prudent planning for various contingencies that might come up with regard to, say, the Baltics, to continue to work on this question of what does the alliance want to do, whatever the U.S. decides to do on the future of these two missile defense sites that are a bilateral issue between the Czech Republic and Poland? What does NATO want to do about missile defense and the long-term potential for a threat from Iran and other countries?

MR. ALIRIZA: One thing we haven't touched on is NATO-EU defense cooperation. That's just gone by the way and needs to be touched on. Turkey is a member of NATO but it's not a member of the EU, so there have been problems associated with Turkey as NATO-EU defense cooperation, which is very important for the future, has been tackled. So that's one of the issues that will definitely come up on the trip.

Q: President Obama emphasized during the campaign that his popularity in Europe would help further the U.S. goals. I think one of the things that he even talked about during the campaign was the idea of getting more European cooperation in Afghanistan. I'm just wondering, it sounds like from what you're saying that he's not going to get necessarily a greater commitment of resources there. Is he making a miscalculation on this, and how is that going to play out at the summit?

And also I had a question for Bulent about Turkey. I'm just wondering if you could elaborate a little bit on how you think Turkey could play a role in brokering talks between the United States and Iran.

MR. FLANAGAN: I'll just say, quickly, on the Afghanistan and the NATO security side of this. I think what I was trying to suggest, that I don't think – that President Obama will probably not have much luck in obtaining additional combat forces. There just isn't the willingness on the part of most of the European allies to do that right now. And including, I think as Bulent said, there was some hope being pinned on Turkey but that because of the counter-insurgency in the southeast and other demands, Turkey is not yet there.

I do think there will be a willingness, and many of the allies I think are already preparing their packages to provide additional support to the training missions, which are not unimportant because they would relieve some of the U.S. forces from that mission – and also additional civil resources. In some way I think the administration would argue that if they could get more – and this goes to what Bulent just alluded to about the NATO-EU problem – if they could get more EU engagement over time in strengthening governance – I mean, what you hear from General McKiernan and others and General Petraeus and their accounting of what's wrong in Afghanistan, it's the whole civil side of that mission.

It's both weakness in Afghan governance and the development of the civil side of the international assistance efforts that isn't well integrated. The money's going down a rat hole, people don't know where it's all going to, what it adds up to, and how is it meshing together in a coherent way. So that's one of the things that I think President Obama would, I think, and many of his advisers are hoping, and certainly Holbrooke as he looks at this idea of a number of European counterparts working with them.

Some talk about will we have sort of a contact group like we had in the Balkans to better integrate the overall effort? So a lot of this could still I think evolve over time, but the notion of additional hard power assets in Afghanistan I think is probably going to be kind of slim. Reggie?

MR. DALE: A couple of points on that. This is what I was talking about, where all these great statements are coming actually in contact with reality, with the political realities in Europe,

with how Europe sees its own interests. And however much it might be desirable in the American view for Europeans to send more troops to Afghanistan or to change the caveats that govern their performance, countries like Germany, for example, cannot do that with the best will in the world because the parliament, the Bundestag, won't let it. I mean, there are these basic political factors.

The deployment of troops in Afghanistan is increasingly unpopular in most European countries, and European governments are not going to, for the sake of pleasing Obama, are not going to sacrifice these – make concessions on these fundamental interest and political requirements.

So that's where he comes confronted with what Europeans regard as their own best interests, which are not the same as American ones. In many cases that also applies to the stimulus, economic stimulus, where he's asked for a coordinated world economic stimulus. Again, Germany is not going to – said it's done enough. It's not going to do any more. Germany is still absolutely haunted by the inflation of the 1920s that led to Hitler. These are fundamental things that you can't change just by talking nicely.

I think that from my understanding is the Obama administration has sort of shifted on that somewhat to accepting that. There's not much point in making demands on Europeans that they are unable to accept, or will have to reject. That's counter-productive, it's not good leadership. Therefore, one must remember that all this – the communiqués are going to be issued at the G-20, for example, have been prepared for a long time. It's not the leaders are going to sit down and say, well, what shall we say now? It's all basically done.

They're going to settle on vague statements on, well, we will do as much stimulus as we can, and it's a good idea to have more regulation, that sort of thing. So it's not going to be a question of using his political capital at the meeting to get the Europeans to change their entrenched positions.

MR. ALIRIZA: Yes, on Iran, Turkey was very worried during the Bush administration that there would indeed be conflict between the U.S. and Iran, and the kind of tensions that arose after the U.S. attacked Iraq would leave it in a very difficult position. So it's been very supportive of the idea of a dialogue. It also wants to play the role of a mediator, when, after Secretary Clinton visited Ankara, the Turkish president went to Iran and conveyed the messages from the Clinton visit to the Iranians. Afterwards, the Iranians said that they preferred a direct dialogue with the United States. But that's really in the cards.

The Iranians will participate in the meeting in The Hague of Afghanistan. Whether that then develops into a direct dialogue with – between the U.S. and Iran is not clear. And Turkey certainly wishes to use its good offices to facilitate this. But it really depends on whether the Iranians want to curb their nuclear program, because the Turks are opposed to the development of a nuclear weapon on the part of the Iranians; yet at the same time, they think that there was too much pressure put on the Iranians and the best way to deal with it is through a dialogue.

But if there is a dialogue, indirect or direct, and that fails, Turkey will find it in a very difficult position because now it's on the Security Council. It will have to sign on to additional sanctions, and that's something the Turks really want to avoid if they can.

Q: Two quick questions. Thanks for doing this. Several of you talked about this being President Obama's first opportunity to go and sort of show his chops abroad. I wonder what you think – if you could sort of describe what you think he has to prove, both substantively but also stylistically, and how we measure whether or not he's achieve that at the end of the eight days.

And then second, quickly, on sort of EU-U.S. – European-U.S. relations. If you had to identify one thing that represents the biggest stumbling block or challenge, would it be this sort of disagreement over stimulus, or is there something else that represents most likely the largest point of disagreement that we're likely to see, particularly at the G-20?

MR. DALE: Well, I think that overall the biggest question will be, okay, you've talked a good game, you've said a lot of the right things – not all the right things because he hasn't. There's been these big gaps on international economics. Now, let's see if you can roll your sleeves up and say, in a sort of take-charge way, yes, we are going to defend the global system – free trade system. Yes, we are going – we are totally committed to abstaining from protectionism – or actually, confronting protectionism. That's very important to Europeans.

And I think the – well, there are quite a few issues between the U.S. and Europe which won't really emerge as great clashes in this – on this trip because that's not what anyone wants. I mean, it's still a case that European leaders want to be seen next to Obama, preferably with Obama, his arms around their shoulders and a big smile, because he's so popular in Europe. And nobody's going to try and raise awkward subjects with him. We haven't really got into the whole missile defense question, which is very interesting; because as you probably know, the Czech government fell yesterday, and Obama's due to meet the Czech prime minister in Prague. The whole point was to go there for the – because the Czech Republic is the president of the EU so that creates rather a complicated diplomatical and political problem. But that's really for the Czechs to resolve. Their country remains the presidency, so they have to put up somebody to come and meet. And I think it will be the current president.

But if Obama withdraws on missile defense, which he seems to be doing, then he is going to leave the Czech and Polish governments out there hanging in the wind because they went to great length to reach agreement on those – basing those facilities there, even though their public opinions were largely against it. And for Poland, it was regarded as a new U.S. security guarantee in the event of trouble from the East. So in Eastern Europe, that's a pretty big issue.

MR. SCHRAGE: And I think, you know, Reg, you hit on some key points. I think the overall test is going to be, does he map a way forward? I mean, they're going to paper over any differences in this G-20 statement, likely. If there are big disagreements, they'll have kind of innocuous language that – as appropriate, or whatever, that kind of muddles the differences.

But is there a concrete action plan and steps that he's going to lead to get out of this crisis and to rework the international system? If it's just a statement and it's just words and there's not

follow-up plan – because there’s key questions whether even the G-20’s going to go forward at a leaders’ meeting. If there’s not that, then I think there’s going to be real questions; is this crisis just going to kind of continue to drift without any clear leadership.

The two key issues below that, that I think – at least on the economic side – are showing kind of potential rifts between the U.S. and Europe. I think the stimulus and the regulation is one, but I think more deeply, it’s a question of regulation, whether it’s at the international level – it’s driven by a more top-down international approach or whether it’s drawn at a national approach that’s then coordinated internationally. I think the EU and a lot of others – and you’ve seen this talk about currency – kind of want to rein in U.S. power or capabilities into more an international system that’ll kind of limit its reigns of action. Whether the U.S. goes along with that is going to be a tension, and I think is why you see them pushing regulation so far to the front of the agenda at this time.

The second one is kind of the protectionist trade front. The U.S., as Reggie said, has always been the leader pushing this forward. Now that we’ve kind of stepped back a bit, the Europeans are kind of – are thinking others are a bit nervous; who’s going to kind of take up that banner and charge forward? Are they going to have to do it? Is the administration going to find a new way forward? And that’s creating a lot of uncertainty internationally.

MR. FLANAGAN: (Off mike.)

Q: This is – (inaudible). Mr. Flanagan, how likely is a Turkish battle on Rasmussen? How likely is a Turkish battle on Rasmussen for NATO?

MR. FLANAGAN: Sense – yeah. I sense pretty unlikely. I think that they wanted to make the point. I don’t know that Prime Minister Rasmussen himself had really been – he had been seen as somewhat defending the freedom of expression in the Danish internal debate. But I – I think the Turks want to make a point, but I think they won’t buck. Consensus seems to be very heavy. It would probably be 25 to 1 at this point, I think, on that question from what I’ve heard. So I doubt it.

MR. ALIRIBA: As far as I know there has been no disagreement in this election of an actual secretary-general before. Ultimately, they come together and everybody approves it. But as of yesterday, a member of the Turkish Grand National Assembly who specializes in foreign affairs made a statement that Turkey was still opposed to Rasmussen; that he was unacceptable to Turkey. So I think some more diplomatic work needs to be done on this issue.

There’s real bad blood between Rasmussen and the Turkish prime minister. The Turkish prime minister is a man who does carry grudges, and he does not really like Rasmussen. And NATO remains the one link – one firm contractual link between Turkey and the Western community of nations because it’s still in the accession process for the EU, and it doesn’t really want to deal with a secretary-general in whom it doesn’t have any confidence. So I’m not as comfortable with Steve that this issue has been resolved or is about to be resolved. It could go right down to the line.

If there's anybody else who wants to ask about Turkey, I'll take it. Otherwise, I'll have to go. Thank you.

MR. SCHRAGE: Yes, sir?

Q: Yeah. (Inaudible) – Czech daily paper, Hospodarske Noviny. I am getting slightly worried what will happen in Prague, hearing that President Obama doesn't have the instincts because he will meet as well Czech president Vaclav Klaus, who will sometimes – doesn't have instincts neither; so he will see. However, to the missile defense, the Czech government failed a non-confidence vote, which means that the treaty was not ratified in Parliament, and probably won't be for a long time.

So in fact, doesn't this have – give advantage to Obama, that now he can say the ball is on the Czech side; until they ratify the treaty, I can't decide anything on missile defense? So couldn't he just turn around the whole thing?

MR. DALE: Well, yes. He could say that. I think that Poland is probably a bigger problem. But I think that Obama is backing away from it, anyway. And there's not very much support in Congress. Congress has been chipping away at finance for missile defense. They've been doing their job of the opponents of the deployment in Europe already. But I think that's a fair point. And of course, it looks like the Czech Republic won't ratify the Lisbon treaty, either, for the time being. So it's quite significant, this – what's been happening in Prague.

MR. FLANAGAN: Yeah. I think their – I think – it's not clear that the administration's review on what approach it'll take on missile defense is completed. Indeed, there was a very interesting development with the announcement that Representative Tauscher would be named the undersecretary for security policy in the State Department. She has been leading the effort – and in fact, spoke out about this in – at the Munich conference, leading the effort to question the way in which the – within the U.S. Congress, the way in which the United States has been pursuing missile defense, even with regard to the sites in Alaska; but also the so-called third site in Europe – of this spiral development and deployment, and is the system really fully proven? So there's that debate that's already out there within the Congress, as Reggie said, but also now within the – it's certainly out there within the administration and even more prominently, I think, with Representative Tauscher getting that portfolio, assuming she's confirmed, which I would expect.

But I think in any event the administration's inclination – and indeed there's some question about – as we go forward with the quadrennial defense review, too, where do we want to put the investment, and is it really that urgent? I mean, Secretary Gates even last year had hinted that there could be some delay in at least the making operational those sites in Poland and the Czech Republic because the timing of the Iranian threat might not be – I mean, 2013 was the original target date. But I think the Bush administration, as a legacy question, wanted to get the construction underway and make sure that these systems were eventually developed and deployed, rather than stretching them out. I think the Obama administration's inclination, at least at this point, will be to keep the option open, but not press ahead; to say there's still some research. And obviously, the Czech decision helps.

The other thing is the Poles, frankly – the Poles feel they got the big thing that they wanted, which was the commitment of the United States at the end of the last administration to increase – enhance their air defenses – which is directed against the potential of any kind of Russian intimidation or targeting, is much more important for the Poles and I think the Czechs didn't quite push that button. But for Central and Eastern Europe, that concern, rather than the Iranian one, which they see as a much longer-term and maybe less direct threat, is why I think that the support out there isn't all that strong.

So I think the administration will be able to finesse this – but at least for now, when it reviews the longer term. But it also has to be careful not to look as if it's somehow capitulating to Russian pressure, and particularly the fact that Medvedev made these threatening noises about, well, we'll deploy additional missiles opposite Poland, and this is why the U.S. is delaying this. So it has to – I think there'll be an effort to keep the option open, argue that the threat isn't a emergent – the threat is still there but it's not as pressing maybe as construction has to start in the next year or so, and that – let's continue to look at other options.

(Cross talk.)

MR. DALE: One sentence on that. If Obama wants to use it as a bargaining chip with the Russians, then he has some interest in maintaining the value of that chip. I mean, if he's going to let it go anyway, then he hasn't got anything to trade.

Q: I just have one comment. I was at a missile defense conference now one day ago at the Reagan Center and there was the General Cartwright, who is deputy chief of staff. And he said ballistic missile defense is passé as an e-mail; nobody is doing that. So we have to concentrate on other issues, like sensors and information from satellites. And the guys – the professionals from the industry were just sitting there and watching him and listening what going on, so –

MR. FLANAGAN: Definitely some questioning within the military establishment as well on priorities, and particularly as you start to look at other things that might go away, like future combat aircraft and various ship and shipbuilding programs, other things; as opposed to spending on something that at least some people in the technical community feel it's not completely proven. Yes, sir.

Q: Yeah. Just broadly – (inaudible).

MR. DALE: What – you mean in Europe or in the United States?

Q: In Europe.

MR. DALE: Well, he will continue to be regarded, I think, by the European general public as a superstar. I don't think there's much he could do – I mean, because we're surely going to get some wonderful photo opportunities and nice glossy shots and everything. I think there is a huge hope among the European people that – it would be hard for him to prick that

balloon just at an economic summit and a NATO summit; the details of which most Europeans are – are beyond most Europeans. You know, they don't follow these things very closely. They just see a bit of it on TV.

So I don't think very much. But – I mean, there are some concerns in Europe that – which surfaced in the campaign that he wasn't – I mean, this is sort of ironic when he's accused of being a socialist here. And there were a lot of people in Europe who thought – suddenly discovered he wasn't as far left as they thought he was. But that was on issues like the death penalty and gun control; and they were rather horrified. And they thought, oh my gosh; we've supported this guy and here he is, in favor of the death penalty – which is one of the check-this-list items on which many Europeans – on which anti-Americanism is based in left-wing circles in Europe.

But I think overall he'd have to work really hard to mess it up.

Q: Yeah. Continuing somewhat in this question of style and popularity, but – if I think back, for example, to Kennedy's remembered visit to Europe, it's not really Kennedy or the issues of the time that I think of, but it's Jackie Kennedy. So I'm wondering what – kind of what role do you see for Michelle Obama and what she – what you expect her to see doing and if that – if that will be an important part of sort of extending this aura.

MR. DALE: I think it will be because she is seen as glamorous in Europe. Obviously, her agenda is totally different from the G-20 summit and the NATO meeting. In fact, she's being – as you know, hitherto in the White House – being kept aside from policy and treated more as somebody representing glamour and motherhood and those non-policy related areas.

But she's definitely part of the image, yes, and a positive one. I should add, on the British side, of course, that Obama's going to see the queen, which is something that apparently he is very excited about, because one international rock star recognizes another one. I mean, she's right up at that level. She's getting on in years but she's still a very glamorous figure, and one got the impression he was rather more pleased to see her than he was to see Gordon Brown again.

Q: It's a movie thing.

MR. DALE: Take her the movie "The Queen."

Q: One quick brief one. He's obviously going to have time for – quite a number, maybe of bilateral meetings, especially in London. Is there anything particularly at stake? Are those going to be mostly for show? Does it matter who he meets with, who he doesn't meet with; with so many people in one place?

MR. SCHRAGE: I think one key one off the bat is going to be China. I mean, obviously you've seen from the early stages, you know, from Secretary Geithner's nomination hearing about the currency speculation with the recent statements about the Chinese, about treasury bonds and whether they'll continue to buy them. That is both, you know, from an economic

standpoint perhaps the most important bilateral relationship and one where there's the most issues to be flushed out over both the short and long term. So I think that's obviously going to be critical, in addition to the European leaders.

And then in also some of the others that are out there like South Korea, obviously, he'll be meeting. You've got the pending free trade agreement and they may be chairing the G-20 going forward. So there are a number – I think you could go down the list of the different bilateral meetings. Russia is obviously one where they've tried to press the reset button and it may have gotten off to a bit of a rocky start. So looking at those major powers and how those relationships start and the fact that this is going to be the first chance for those bilaterals. People will be very closely reading the tea leaves to see where those go, both in terms of the multilateral interactions and the key issues bilaterally after those meetings.

MR. DALE: I'd just like to say a quick word about Russia, which I think is really important. The Russian – Medvedev will be taking the measure of Obama in the way that Krushchev did of Kennedy in Vienna, and it's really important in dealing with Russian leaders or Russian governments that you hit the right note of firmness. It's not enough just to say, let's be friends and let's enjoy playing with this little yellow and red Lego piece with a button on it. That doesn't work with the Russians. I mean – in fact, that's just the wrong way to go about it, because they think, oh, here's someone I can lead up the garden path; you know?

You've got to stake out clear, firm positions with them and not just say, can't we all get along together?

MR. FLANAGAN: Yeah. I think just on that, I do think that the bilateral meetings – this is a heavy multilateral agenda; in some ways, the only place – and going back to – (inaudible) – Michelle Obama, too – that really the major bilateral visit is to Turkey, which is very interesting. And that will be very interesting, too, in the way in which both the president and the first lady interact with the people in Turkey. So that will be – where they can be visible in terms of the impact.

But I think that in some of the bilateral meetings on the margins of the G-20 – and I don't know what the full schedule of them are, but I'm sure they'll be very frenetic. But I'm sure with Russia – my sense is the Russians are quite pleased because they've gotten signals that the U.S. administration does want to put the more traditional arms control process back on track. There are a number of people coming into the administration that have that background that are – including some of our former colleagues here who are advising on how to proceed on that.

So the whole question of – and the sense of urgency that the Russians have of getting the START follow-on treaty worked sometime this year – the Moscow treaty – further efforts on other aspects of strategic stability and the discussions that were reached – or the agreement that was reached on a longer, broader strategic dialogue. I think some of that could be done in a maybe not so visible and high-profile way, but you could still make some progress. And the fact that he will have a chase to see Medvedev and to sort of at least show that there's a direction coming – and I suspect it might even – who knows? There might even be an announcement of a

U.S.-Russian summit meeting. I think that is sort of one of the interesting missing dimensions that's out there right now.

Thank you all very much and I hope that was helpful. Again, we're happy our media folks – happy to provide any follow-up and we do have some other things. As I mentioned, too, for those of you who are of the – we probably – it's been out for a while, but this report on NATO may be helpful to you as background, as a short executive summary. It's on our Web site.

(END)