

THE BROOKINGS INSTITUTION

PRESIDENT OBAMA IN EUROPE:  
A TIME FOR REASSESSING TRANSATLANTIC RELATIONS

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## P R O C E E D I N G S

MR. VAISSE: We're going to get started. Hi, everybody. I'm Justin Vaisse. I'm a senior fellow at The Brookings Institution and the director of research for the Center on the U.S. and Europe. Welcome to Brookings, even if it doesn't look like the usual place for lack of available room this afternoon, but it's still a Brookings event. I hope you'll find that the food is no better here than at Brookings and so you will still come to Brookings to attend other events.

Today's discussion is held in the context of the Brookings Heinrich Boll Foundation series on the future of the EU that we started two years ago. And I'm happy to say we've established a track record of holding events on the life of the EU and also transatlantic relations of which the event of tonight I hope will be one other bright installment.

But we are also very happy to have another partner tonight, Notre Europe. Created by Jacques Delors in 1996, Notre Europe is a think tank whose slogan pretty much summarizes its purpose: To think Europe's unity. And I would add to promote a closer union of the European peoples. I'll ask its president, Tommaso Padoa-Schioppa, to say a few words of presentation in just a minute.

Notre Europe has gathered a very high-level task force comprised of former European ministers and heads of government to rethink the future of U.S.-EU relations, and their report, "Reshaping U.S.-EU Relations: A Concept Paper," is available on the web and, of course, as you saw, on the tables just outside this room. Three of its members of that high-level task force are with us tonight: Romano Prodi, Paavo Lipponen, and Tommaso. But let me just mention the others because it really reads like a Who's Who of European politics. So also part of the task force were Guy Verhofstadt,

Jerzy Buzek, Etienne Davignon, Jacques Delors, and Joschka Fischer.

So we're talk about the report and its recommendations, but, of course, we'll also have in mind a less distant time horizon, namely the U.S.-EU Summit of Saturday, November 20th, the first one since the Lisbon Treaty went into effect. Will the new institutions change the dynamics of the summit? What can we expect in terms of outcome? Will Obama's political difficulties or the current eurozone votes weigh on its results? How is the summit reflective of the larger transatlantic relationship and especially of the new geopolitical -- I would say global geopolitical context in which it finds itself?

To discuss these issues we have three great speakers, two of whom were actually not on the original program that you saw. Etienne Davignon and Karen Donfried had to be excused for both scheduling and health reasons, and are replaced by equally gifted and interesting panelists, I would say: Paavo Lipponen and Jeremy Shapiro. Let me introduce them very briefly.

Romano Prodi was prime minister of Italy twice -- in 1996, 1998 -- and then again 10 years later in '06 to '08. In between, as all of you I'm sure know, Mr. Prodi was the president of the European Commission from 1999 to 2004. Appointed at a time of crisis, he oversaw the introduction of the euro and the enlargement of the European Union to include Malta, Cyprus, and eight Eastern and Central European members. He is currently president of the U.N. High-Level Group on Peacekeeping in Africa and also professor at large at Brown University.

Paavo Lipponen was prime minister of Finland from 1995 to 2003, and chairman of the Finnish Social Democratic Party from 1993 to 2005. As prime minister, among other achievements, his policies allowed the participation of Finland in the euro.

He also served as speaker of the parliament of Finland from 2003 to 2007. And in 2007, he was appointed among the high-level European politicians unofficially working on rewriting the treaty establishing the constitution for Europe into what became known as the Treaty of Lisbon.

Last but not least, Jeremy Shapiro. Jeremy was named senior advisor to the assistant secretary of state for Europe and Eurasia at the U.S. State Department a year ago. He was at Brookings from 2002 to 2009, and towards the end of his career at Brookings he was director of research of the Center on the U.S. and Europe, which is a formidable position of prestige and power, where I succeeded him. (Laughter) More seriously, Jeremy has written, as all of you know, a great deal about Europe, including a very largely remarked report for the ECFR a year ago. And since he's now on the other side of policy-making, we hope he'll give us the view from the State Department and the U.S. Government.

So before jumping in the discussion, Tommaso, could you tell us a few words about Notre Europe and the work that has been done on U.S.-EU relations. And while he's going to the podium I'll just mention that Tommaso is considered one of the founding fathers of the euro. He served on the Board of the Governors of the Europe and Central Bank from its foundation in 1998 to 2005, before being appointed finance minister of Italy in 2006 in a government led by a very, very able prime minister. (Laughter)

So, Tommaso, the floor is yours.

MR. PADOA-SCHIOPPA: Thank you very much, Justin. I say just a few words to present Notre Europe. We try to have a Notre Europe banner near to the one of Brookings. We hope to have this in 50 years from now when we will be as well established as Brookings. We are on the good way, but not yet quite there.

Notre Europe is a European think tank based in Paris, unlike most of other significant European think tanks, and combining research and a specific commitment to a notion of what the Union should be. Unlike other think tanks it produces research and it sometimes takes a position as Notre Europe on significant policy issues. We have done in recent years work on energy policy, producing a report that is the reference report in this moment about Europe -- developments in European energy policy, on agriculture policy, on the financial crisis, this report on EU-U.S. relationship, a number of studies on the functioning of EU institutions, and on the way the democratic process in the EU construction is operating and can be improved.

The idea of this report was conceived in early 2009, when there was the sense that a new phase was starting both in the United States with the advent of the Obama Administration and in Europe in a year in which there were elections for the European Parliament, formation of a new commission, and the inauguration of a treaty that brought significant amendments to the previous constitutional construct of the EU. The idea was to have a first phase in our work constructed on a European theme and on the basis of it, to have contacts with a number of research centers and think tanks in the United States in order to verify, to check, and to develop the ideas of this report with our American friends. And, in fact, this week has been a very intense week of meetings in New York, at Harvard, tomorrow in Princeton.

The report will be presented by Paavo Lipponen and by Romano Prodi. I just say that the intent is to develop what in the American political terminology is called a doctrine, namely not a precisely defined proposal for a specific area of policy, but a set of principles that are susceptible of being applied to different areas of policies and which are sufficiently precise to be used as a check against specific proposals that may be made in

various fields, such as energy, climate change, economic and monetary international relations, and security.

We think that the two key elements of this doctrine are the notions of multilateralism and a degree of shared sovereignty in addressing global challenges and that the context against which all this is to be developed is no longer one of a security threat that generates the need for an alliance between the EU and the U.S., but rather the need to manage the process of globalization, which is the real challenge for both the EU and the U.S., and a challenge that probably none of the two can alone master completely.

Let me stop here and thank you for the occasion you offer us to speak about this report.

MR. VAISSE: Thanks, Tommaso. And I would add that Notre Europe not only brings us food for thought, but also thanks to Notre Europe there will be a drink, a cocktail at 6:00, when this conference ends, which will be downstairs when you -- at the bottom of the stairs. So all of you are invited thanks to the generosity of Notre Europe. So I wanted to mention that so you'll be patient until 6:00 p.m.

Prime Minister Prodi, why don't you start? Or Paavo, would you prefer?

MR. LIPPONEN: The president told me I should.

MR. VAISSE: I wouldn't dare disobey the president's --

MR. LIPPONEN: (inaudible) president.

MR. VAISSE: So the floor is yours.

MR. LIPPONEN: Thank you, Excellencies, ladies and gentlemen.

Thank you for this opportunity to present our report on this cross European-American relations on the eve of the summit this weekend. I thank you for the opportunity for me to

visit the Carnegie Institute for the first time. I wonder where the cookies come from.

They're really good. (Laughter)

I think the days of -- I mean, the beginning of this year of us Europeans being -- feeling insulted or sidelined by the United States, this type of discussion should be over by now. There's no point in it. There's no more this hype about President Obama having been elected that our president referred to. That is also over. What really connects us: that we are in deep trouble, both the United States and Europe. And that should really be the sort of motive for closer cooperation across the board. Mainly I mean economically the situation is very bad.

We've had setbacks on the global front. I'm referring to G-20, correcting imbalances, global financial governance, that process being stalled. There are unsolved conflicts, like in Afghanistan. There's a Chinese challenge that I'm going to talk about in a minute more. The partnership with Russia is in jeopardy because of uncertainty about ratification of the START Treaty here in the Senate. Climate change negotiations don't seem to be progressing. And democracy on the whole in the world is on the defensive. So these are just some features of the present situation.

Fundamentally, of course, there still is the value, common values base in our relationship that is there, a community of democratic nations, respect for human rights, rule of law. We should not forget that. So these are some of the starting points for our discussion today. We are in deep trouble, but so much connects us.

This report, first, is an analysis of developments in the post-Cold War, post, I would say also, Bush Administration world; that is the transition from bipolar to unipolar and again to a multipolar world, underlying the need to improve global economic governance, need to forge a new partnership based on equality. So the days of

unilateralism or hegemony of the United States are over. Multilateralism is accepted and should be accepted as the basis for a relationship. And the European-American partnership should also be seen as a core for partnerships with other global actors.

I think that, to some extent -- if some of you have studied our report -- events have overtaken the report in the sense that with the progress of the world financial economic crisis, we should be even more aware of the enormous challenge of China, and that, I believe, is understood, but not enough. So once George F. Cannon developed a policy of containment vis-à-vis the Soviet Union, now it seems that President Obama with his Asian tour was trying to sort of forge partnerships to contain China. But the other side, of course, is that it's about engaging China, too, so that it's really different from the Cold War containment policy, but still there is a resemblance.

Among the features in our report, which I cannot really present fully, is the notion that Russia -- if Russia has a priority for common (inaudible) security policy of the European Union and the partnership with Russia as a major stabilization project for the European Union, and actually for the transatlantic community; that is, basically a partnership for modernization of Russia. So we would like to see development towards sort of a global EU-Russia-United States partnership that would be interesting to discuss today. And really we are concerned about the START Treaty, the fate of that treaty in Congress because it's always two steps forward and one back, and we hope that it's not one step forward and two steps backwards in this report.

Very important, and I think refreshing, in this report is what we say about Europe itself. And that's your project, Mr. Moderator, Justin. That is that we agree that the European Union should pull its act together. We need more Europe. That is what is the mission of Notre Europe, more of common policies, say, at G-20; external relations;

and the Lisbon Treaty should give a better chance for common policies. We need more Europe in economic terms with the crisis of the euro. The days of sovereignty are over, as we are saying in this report. This is fundamental.

The problem, of course, in Europe and in the United States, also, is the fragmentation of the political field. How are we going to get the necessary decisions made for reform? And in Europe, particularly, there is a growing trend towards nationalism and euro skepticism. How does this match with the need for more Europe?

I think about the summit this weekend. The biggest question for both of us basically is about growth and jobs, how to get the economy going. The American economy is in a very, very bad shape: 1 trillion interest payments. How are you going to survive this crisis? But what we both need is to have a perspective for growth higher -- as the economists say, potential growth to generate revenue. We have to take a look at the expenditures side, the tax policies, and everything for a long-term economic policy. This is how Finland actually recovered from a deep crisis in the '90s, so there's no shortcut. There's no shortcut.

We need investment in infrastructure in this country. It's in really bad shape. Education, research and development -- we must cooperate in these questions for innovation, technology. This is only the beginning, in my opinion. So there's sort of an optimistic perspective, also: realizing this common challenge and that we need a transatlantic economic community, remove tariffs, regulation to be streamlined on both sides. This is what we should be doing.

Energy cooperation to see that some results will come out of the climate change process, negotiating process, and then cooperate on green growth, energy innovation, energy technology. The European-United States Energy Council meeting will

also be held. It's going to last half an hour. Summitry is not the most important thing. I believe there will be some progress there in these matters, so, again, there we are also only at the beginning.

In this room I see that there are surprisingly many of you -- hopefully, also many Americans -- but we see a sort of declining trend in interest in Europe at a time when we should be establishing more contacts, networking between politicians and decision-makers, and all levels. This is also a challenge at a time when we've got this fragmentation in our politics, like even in my country. It's not the Tea Party, it's a different kind of party. I mean, it's more sympathetic in Finland than the Tea Party, but this is -- this should not lead to less contacts between -- across the Atlantic because, again, ladies and gentlemen, we are in real trouble. And the challenge of China particularly and the world problems is huge. Thank you.

MR. VAISSE: Thanks. Mr. Prime Minister.

MR. PRODI: Well, I am supposed to explain everything in 10 minutes here. It is a big challenge, but I shall do it.

Look, when I'm asked about to explain something about Europe, generally I use some rhetoric instrument that I learned from one of my Chinese students, who after my long explanation, a couple hours explanation about Europe, he asked me: But, Professor, Europe is laboratory or a museum. (Laughter) And, you know, this thinking is a very intelligent remark, you know, because I think that we have been the greatest political laboratory of modern history. And, you know, creating from (inaudible) unity, putting together markets, and step-by-step increasing our cooperation. And going to the subject, we always have been backed by the United States.

In all the first part of this -- of historical formation of Europe, you know,

there was no hesitation of the United States (inaudible). And, you know, we take this for granted, but it was not granted, you know, because generally when something is increasing in power or in trade or in economic expansion, you know, you stop it. And the United States never did it.

And I do remember going to the most recent time when we work about the euro. We never had United States against it, you know. And I think in all the fields in which we worked together, there was a great success, you know.

And clearly, except the case of security and defense in which the United States always preferred to deal with NATO and not consider Europe. Europe (inaudible) this is a special case that was fed by the Cold War, you know. But in all the European history, till the '90s there was no problem of -- major problems, of course. We had some adventures sometimes, you know. But very -- in the '90s, we had the problem of the Iraqi war. This was the real moment of division of Europe and in which the United States, they played to divide Europe, you know, Old Europe, New Europe, and (inaudible). And this was -- and I can testify this was a very difficult moment, you know, because it was a moment in which really you could put (inaudible) deep relation between the United States and Europe.

But then I think that now the problem is different. Now is that Europe is not anymore so sexy. This is the problem, you know. Let's say it's not this big players in the world, and so there are new topics. There is China, BRICs, and so on. And as a matter of fact, this is not correct. Let's say Europe is still number one in GNP in the world by far. Number one in (inaudible) productions, number one in export, and so we could go on, you know. And then in spite of all the problems that we have, the 27 countries working together is a real common market working. In spite of the problems there is free

circulation of manpower and people, you know. So it's -- the difficult new institutional asset is going, you know.

But -- and, you know, I am also optimistic. I think that in spite of all the problems concerning Greece, Ireland, and so on and so on, the basic foundations of Europe are still strong and still go on. The problem now is to adapt to this new world, to the multipolaric (inaudible) of the world, you know. Institution in which there is not (inaudible) anymore one dominating country, even if, from a military point of view, the United States would be for a long time number one, but this is not enough.

And this is a moment in which you have to have a new governance of multipolarity because multipolarity is not a value in itself. It may be anarchical, it may be conflictual, it may be both, and we have to organize it. So my question is, there is room for cooperation between Europe and the United States on that. I think that the answer is really yes, because not only I give for granted what Paavo's told so well, the values, the democratic (inaudible), you know, but also to help each other to enhance our democratic value, to help each other to take decisions. Because it's true that democratic values are so strong and so important. But we have also to take for granted that if we don't (inaudible), then they are in danger.

It could be funny, but, you know, I was in a private conversation with an important Chinese minister, you know. And we were talking about this new event, these facts, and, you know, he simply told me, look, in Europe, and even in the United States, you have all these elections: local, regional, national, European. Then in Europe you are 27 states, you have all these elections. You never think to tomorrow. You only think to today. And in this new change of the world you will lose that. You will lose the game because you don't deliver.

And at the end of this long conversation he told me, I am very worried for the future of your democracy.

And, you know, to listen from a Chinese very important minister this sort of thing, I was worried, you know. But I am insisting on that because I think that we talk about abstract values, but between Europe and the United States, we must work together to improve the value and the working of our democracy. And we can do it, you know, and there is some sort of synergy on this work, you know. And we have to address it in a very specific direction.

And at this moment, I tell you that I don't see the feeling and the passion that to work together means to win a long-run challenge, you know. Because I don't -- I repeat I don't mean, and I am happy that in the last part of the report it is clear, I am out of any idea West against the rest. This is absolutely stupid. This will bring the world in a disaster. But I do think that you have to exploit our affinity, our working together, and that we have a lot of room to do that.

And in the last years, I think that we have not done it. We have done it. Because we think that the new players, they are (inaudible) irresistible. And if we want to avoid a clash, that we need to avoid the clash, we must be cautious of our strength and of our possibility. And from a European point of view, as I told, we are -- I think and my message is that you have to understand that all the problems that we have that are very, very big are problems that don't interrupt the growth and the (inaudible) of the European unity. We need time. We need a -- but even in the Greek crisis I think they couldn't be solved much better and much sooner that they did. But in the end of the story, the European powers have increased and the cohesion has increased even, I repeat, with a lot of money wasted, with a lot of political energy wasted, with a lot of time wasted. But

the progress of the European convergence is still there.

So I think that Europe could be -- I was telling (inaudible), but it could be (inaudible) and this is -- let's say my complaint that I do vis-à-vis United States, that is never recognized as (inaudible) because of the division, because of our lack of unity, but is potential protagonist in the biggest problems that we have. To give an example that I have tested so many times: When I go, as I often do, to the Middle East, they always tell me, look, you are the biggest trader, you are the biggest investor. You know much better than the Americans how they are and you don't exist. And I don't think that in many cases it would be much more convenient for the United States to use Europe, to understand that we could have the role, you know, even if clearly the problem of the unanimity, the problem of how difficult is our growth, I do recognize that this problem exists.

But I repeat, I have not seen in the American administration a moment of recognition of a European existence or a European reality. Obama never mentioned Europe in his speech. And, of course, I do understand because of the famous difficulty that Kissinger was speaking about. But I do think that you promote your interest in this case using the old American strategy: Promoting Europe is promoting also the American interests, especially in the areas in which America alone is not able to solve the problems.

MR. VAISSE: Thanks very much. Jeremy, should Obama promote Europe? The floor is yours.

MR. SHAPIRO: Yes, I think he should promote Europe, and I think actually we're at a pretty critical period where we'll see him doing it. And I think you may well seem him over the course of this very intensive European diplomacy over this

coming next few days promoting Europe in precisely the way that you're talking about.

I wanted to say thanks for being here. I wanted to apologize for not being Karen Donfried. I'll try to live up to her legacy. And I wanted to also thank Notre Europe for the drink that I will soon have, (Laughter) but also for the very useful report. We appreciate this type of thing in government to make us aware that there's an outside world. And also I appreciate the attention that the report plays to globalization and to multilateralism, which was something -- which are things that we believe are, as the report says, real drivers of the evolution of the world system right now.

And we've attempted to recognize that in this concept of partnership, which I think you'll see in Obama's speeches in the past and present in Secretary Clinton's speeches this past summer, where we understand very fully and have recognized that the problems of the world, the deep troubles as you referred to them -- I might not have been quite that pessimistic, but I suppose that's just a cultural difference (Laughter) -- absolutely require that we work together, not just with Europe, but with all sorts of partners to deal with the problems. The global challenges that you talked about are not challenges that admit to being solved by any one country. They can only be solved in partnership with other countries. And there's a variety of different mechanisms for doing that.

I think you'll see in the summits this week that we see Europe as one of the most critical, if not the critical, partner in this array of partnerships. In fact, we've been talking about the U.S.-EU summit, but President Obama will actually be participating in four summits in Lisbon this weekend. He'll be at the U.S.-EU Summit, there is a NATO Summit, there is a NATO-Russia Council Summit, and there is an ISAF Summit, which brings together all of the troop-contributing nations and major economic

donors to the mission in Afghanistan.

And I think what these summits will together demonstrate is that we don't have any partner in the world that is as militarily capable, as prosperous that shares our values and that shares our agenda as we do in Europe. And these summits are going to be a recognition of that critical role, but also very important opportunity to move forward and to enhance the cooperation along some of the lines that were pointed out in your report.

And as Justin said, this is the first post-Lisbon summit that we've had with the EU, and I think this is actually going to be very important in specific ways. One of the problems that we've had with these summits in the past is that they have -- is that they haven't had a lot of continuity to them. And I think that what we're going to get with the post-Lisbon EU is a sort of continuity from these summits. The summits are going to become not just one-off affairs, but they're going to -- because of the new European structures -- be able to bring together the same people over and over again and be able to bring together the same institutions over and over again, and I think that that's going to provide a certain advantage.

So let me just talk a little bit about what the U.S.-EU Summit will do. I won't -- I'll mention the other summits, but I'd be happy to talk about those if there are specific questions.

As I said, our participation in this summit represents an important opportunity to demonstrate that we believe, as we have always believed, that a strong and united Europe is in the interest of the United States and is a stronger partner for the United States. And again, I think that's particularly important in the wake of the Lisbon Treaty. And we're going to, in this particularly summit, highlight our expanded

partnership in three critical areas: in economics; in security, mutual security; and in global issues.

On the economic front, I think it's important to remember as we talk about the rise of China and India and all of that, that the United States and Europe are each other's largest trading partners, largest investment partners. They account for a little over 50 percent of world GDP. They account for some \$4 trillion inflows and they generate approximately 1 in 10 jobs on each side of the Atlantic. The relationship, in short, is central to both our economic futures.

And so we're going to use this summit to follow upon the G-20 meetings in Seoul last week to sustain our mutual recovery and to attempt to generate jobs. And we're going to do that by consulting on the global economic imbalances and by most directly addressing bilateral barriers to trade. I think the outcome of this will be a tasking to the Transatlantic Economic Council to coordinate our policies to promote innovation and to get our regulators on both sides of the Atlantic to pursue greater collaboration, especially in new and emerging technologies where the U.S. and Europe together can really set the standards.

On security cooperation, as the events of this summer really demonstrated, it's fundamental to the security of our citizens that we cooperate. And we're going to look for ways to enhance our already very significant counterterrorism cooperation, particularly through data exchange programs, like the Passenger Name Record Agreement. And we're going to look to ways to do that which protect both our privacy and our security.

And finally, on global issues, we're going to address the whole host of issues that are on the -- that have been mentioned in the report, particularly climate

change and Afghanistan.

That's the basic agenda. I wanted to just come back to one thing that was mentioned in the remarks, which is the problem or I guess the opportunity of the rise of China. I just returned last week from a U.S.-European meeting on China where the policy planners got together and discussed a lot of these issues. And I think that there was a fair amount of agreement on a few different things in the room.

First, that we need a U.S. and European coordinated policy on China.

Secondly, that this isn't a reprise of containment in any way. The situation with China is completely different than the situation with the Soviet Union. We have a vast trading and investment relationship and a vast interdependence with China. Perhaps most importantly, China is not interested in upsetting the world order. As a matter of fact, China has benefitted greatly from the liberal world economic order that the U.S. and Europe have been so instrumental in putting in place.

And so our strategy toward China is to -- is, in the first instance, to engage with China economically, culturally, politically. And in the second instance, to bind China to that world economic order and to get China into all of these institutions, to get them into detailed meetings with European bureaucrats so that they can become part and parcel of this world order. And I think that that policy is already working to a certain extent to slowly in the long run transform China.

In terms of China's neighbors, I think that the President's trip doesn't represent an effort to contain China. We have a very important relationship with all of China's neighbors, and the trip shouldn't be seen in that way. India is also a rising power as is Indonesia. And we have security alliances with Korea and Japan, and, of course, the summits that were there.

So what I think China shows us is that we have within the U.S. and Europe created a world economic order or a world political order which is with some difficulty, with some adjustment, capable of accommodating these types of dynamic changes. And what's really important is that the U.S. and Europe work together to make sure that that can continue. And that, I guess, is looking into the long run and that's the way that we are attempting to deal with it.

MR. VAISSE: Thanks. Thanks very much. Before I open the discussion to the room, I guess I would like to ask the three panelists specific questions because it seems to me we have sort of probably not spent enough time on some of the specific issues, especially the problems -- the eurozone problems that we're seeing in the past few days with Ireland, but also as a sort of preview of the summit. The facts that Obama will be meeting with -- will have the U.S.-EU Summit, but, as you mentioned, will have three other summits that are more -- that deal more with security.

So that leads me to one question for Jeremy. So Obama will be meeting with NATO members for basically a day and a half, and then he will be meeting with EU for an hour and a half. So is there --

SPEAKER: Yeah, this was my question.

MR. VAISSE: Oh, okay, so I swear I didn't look over your shoulder. (Laughter) This is not asked in any -- you know, in sort of any accusation way, but what is wrong with this picture? And how can we -- what can we do about this?

Maybe to Paavo Lipponen, because of the very profound crisis that Finland experienced in the 1990s, maybe we could try to get you to talk about the current crisis, not only the Greek crisis and the mechanism that was put in place last May, but also the current one with Ireland. How do the crisis now for the eurozone and in Finland

in the 1990s compare? How worried are you about the euro and how worried should we be? And what is to be done?

And maybe one last question to you, Mr. Prodi. If you were still in your previous functions of being the president of the commission and you would be meeting two days from now with President Obama, what would you do differently? Or to put it in another way, what direction would you wish to see the Brussels institutions take in order to improve transatlantic relations? What can concretely be done?

So Jeremy, would you like to start answering the first question on the NATO-EU imbalance?

MR. SHAPIRO: Sure. Thanks for that question, Justin. (Laughter)

As I think I've told you many times as I was leaving your office, the amount of time that I spend with you is not an indication of the quality in which -- and the esteem in which I hold you. (Laughter) And I think if you look at the President's schedule -- which I'd rather, frankly, not do -- he has these four summit meetings. It's not just NATO, it's NATO-Russia Council, which is a meeting with Russia; and the ISAF meeting as well as the Portuguese bilateral. So it's a very compressed schedule. I don't think it's an indication of the relative value that we placed on the organizations.

I will say that we place a lot of value on those other three organizations. They are an important part of our interaction with Europe. And I will admit that when we say "Europe," we don't always mean the European Union. We have a lot of different ways of interacting with Europe: through the EU, very importantly for very critical issues -- like the ones we will discuss in Lisbon -- but also we interact with Europe through NATO and we interact with Europe bilaterally.

This is not, at the end of the day, our choice. This is -- we interact with

Europe as we find it. We need a stronger Europe. We want a stronger Europe. But we nonetheless have to interact with Europe along all of the ways that Europeans ask us to interact with them. And they ask us to interact with them along all of these ways, so we do it and we don't apologize for it.

At the same time, I would say that the problem with judging the summits and with judging my visits to your office by the amount of minutes that I spend there is that -- and I guess I say this as someone who sort of labors in the bowels of the State Department -- these aren't the important times in our relationships. These are the symbolic times in our relationships, and it's very, very important to have these meetings and get the leaders together and to demonstrate, through these moments, our commitment. But this is not where we're doing the work.

The U.S.-European relationship through all of the channels I mentioned is an extraordinarily dense one that operates through an incredible web of relationships every day with people like me, people like you, through all different channels of government and non-government. These summits are a symbolic expression of that, but the work gets done every day in a thousand different ways. And I can tell you that we have an incredibly sustained, complex, and dense interaction with the EU as we do with NATO.

MR. VAISSE: Thanks. Paavo, how worried should we be? How serious is the current episode of the eurozone crisis?

MR. LIPPONEN: Just to comment on Mr. Shapiro's answer, I think it was a good answer.

MR. SHAPIRO: Thank you.

MR. LIPPONEN: We should think about the -- of course, it's more

pleasant for (inaudible) to NATO mainly because where he is much more in command. But very important questions for Europe are being dealt with. And one of the questions we should -- I hope -- discuss tonight is what's going to happen to the security relationship between -- a defense between the United States and the European Union? Is the United States encouraging today a common European defense and how is this going to reflect in NATO? And what's going to happen to the relationship between NATO and Russia, and the partnership between these three?

But to the European situation, first, about the cultural difference and pessimism, what I mean is that we can be optimistic when there is a realization of the depth of this economic crisis that we are in and the challenge of China is looming behind there. And I don't think there is the realization -- in my country, for example, we have a deficit 3.5 percent; 50, 60 percent central government accumulated debt, but we are also -- we are already in deep trouble. How are we going to generate the growth that's needed? Or we will just be cutting, cutting, and cutting, and the welfare state will be in constant decline.

When I look at some of the European countries or the United States, I think it's terrible the state they are in. And this realization is still lacking, and that is something that could connect us. And then we could embark on a deeper cooperation.

Today, of course, we must rescue Ireland. The interest rates are intolerably high. I'm not (inaudible) of what's going on in the negotiations, I believe. The U.K. can play a central role and a positive role in this situation. But this is only rescuing Ireland, maybe other countries in that context, too. In the -- for the immediate period what we need is a long-term common policy of recovery in Europe. That is, in my first intervention, I mentioned some of the features that are needed there.

There's something that, of course, is -- should be addressed, and that's a difference within the European Union and the eurozone, the differentiation in economy development. So what we are dealing with mostly today in the eurozone and in Europe is the financial, how to get the deficits under control: the rescue or solvency regimes? But we are not really discussing macroeconomic policies, common economic policies. Enough. That is something we have to deal with and, fundamentally, again, we go back to the need for reform. That connects us all even within the eurozone.

I believe that the euro will survive because so much political capital has been invested in it. And in any case, what really gives strength to Europe is the German economy and the countries I would say around Germany, like Finland, that are fairly strong and have a better perspective of recovery. So that is a strong core, a strong enough core in the eurozone.

MR. VAISSE: Thanks. I would add on these questions of economy that you'll find in the table outside the room there's a very good paper on -- to complement what Mr. Lipponen said on the economy not only on the economic crisis, but also on the issue of the G-20 and how America and Europe can cooperate or maybe how it's more and more difficult for them to cooperate in the recent weeks, a very good paper that we put out, that Carlo (inaudible), my new colleague at CUSE, wrote and which is -- which lays out these issues very, very clearly.

Now I turn to you and the question of what should be done by Brussels to improve transatlantic relations? Once again, two days from now, the meeting, if you were in Mr. Barrozo's shoes what would you do to improve these relations?

MR. PRODI: Well, you know, I am not in Barrozo's shoes, so it's not easy to do. But I'll tell you by experience --

SPEAKER: Italian shoes may be better.

MR. PRODI: He may buy Italian shoes (inaudible). We have a common market.

Anyway, no, I want to be a little provocative, you know. But all the -- by another meeting they are strange animals, which you go with a dossier like that and you just -- and then you don't know even what you decide. But when there are moments which you have to decide the policy you realize only one issue or a couple of issues, you know. I do remember with my letter with the Chinese, we were talking about China with the Chinese. In 2000 and 2001, you know, the euro was let's say taking shape and already (inaudible), and I went to Beijing (inaudible) with a dossier like that and they completely didn't move it in five minutes because everything was about euro. It's true that the French franc and the deutsche mark would disappear? No, it is impossible. But you (inaudible) paper and currency. Can we have (inaudible), you know, and it was all concentrated on one issue.

And then this was the moment in which you could move interest, you could really change the policy, you know. And I think that we have to find some major issues, you know. One, as I told you before, it's to interest Europe and to ask to be interested in some vital area, like Middle East, you know, in which we are. But I am telling you something more provocative, very simple. Obama went to India and knowing that it was impossible, but not only in order to be kind, but also to demonstrate his concept of the world he told, well, India must have a seat in the Security Council. So why not say Europe must have a seat in the Security Council? This is a bombshell, but it gives you the idea that he mentions Europe, you know, at least. And this is an important moment that you can have, you know.

I know that this is a provocation, but if you want to move interests, you have to do that, you know. And please here, everybody is mentioning China, you know. Of course, you know, I do teach in China. I love China. But you, U.S., you have also to understand that all the world is moving.

I take two examples: Brazil and Turkey. They both exploit the indispensability vis-à-vis United States to make an autonomous policy. Think about that, you know. (inaudible) till having an agreement with Iran. And look, if we don't move quickly, understanding what is happening, this will be a general movement in the world, you know. And I think that in Europe, too, you may have this type of movement, you know.

So what is needed now is to take one or two points. I was clearly half joking and half exaggerating it, but just to give you the idea that when you want to -- you know, a strong proposal that moves in the direction of helping European solidarity as the United States did in the past, this is what I think would be important for our common future. I know that I am provoking. I am old enough to, you know, be forgiven.

(Laughter)

MR. VAISSE: And I also noticed you chose to put yourself in Obama's shoes rather than Barrozo's shoes, but that's fine.

MR. PRODI: Of course. You can't be in the shoes of your predecessor, you know. It's --

MR. VAISSE: I shouldn't have asked that questions.

MR. PRODI: No, no, no, no, I -- you questioned it, I answered.

MR. VAISSE: Thanks. We're now going to open the floor to the public. There's a microphone circulating and you know the ground rules. The first one is to

identify yourself at the beginning of the question. We're going to take three questions in a row and ask the panelists to respond. And make sure that there is a question mark at the end of your sentence, please.

We start with Norman here.

MR. BIRNBAUM: Yeah, I'm Norman Birnbaum from Georgetown University. Thanks to our distinguished visitors for this firsthand account of what Europeans think. I read the report, which was really very penetrating. But the one thing that the report did was to extrapolate European-American relations on the grounds that both societies would continue to be secular, pluralistic, have open democratic civil societies, the familiar common values. But there's another transatlantic alliance which is in the making. It's between the Lega Nord and the Tea Party, between Wilders and the governor of Arizona, between fundamentalists and nationalists and xenophobes of all kinds. What will you Europeans do if, for instance, 2012 John Bolton is Secretary of State, to name a frightening hypothesis?

MR. VAISSE: Thanks. Just in front in the second row.

MR. WINSOME: Alexander Winsome, professor at (inaudible) University and now a consultant in Washington, D.C. I want to first -- and I'll compress as much as possible -- I was to first praise the persons we have here because in the words of a good friend of mine, the difference between politicians and statesmen are the latter are those that make decisions thinking about the next generation, not about the next election. And so having Professor Prodi, having Prime Minister Lipponen, Jeremy, having Commissioner (inaudible), and other people that I'm sorry that I don't know, I think -- Justin, I want to first praise. Because I believe that if you praise, you will be raised. If you complain, you will remain.

And I think that -- I'm 41 and I remember when -- I mean, we have to be very thankful and grateful for the leaders that we have. We have -- in January, we'll have 17 countries in the eurozone. We can travel from the Algarve to Villemiers without having to show a passport. And so that was just my praise.

Then a bit of a reality check, if I may. You mentioned about the Trans-European Council and the single market. I would like to know, I know it's difficult on both sides, but, for example, I think that the day that somebody from Europe can move to the United States and not have to use all these adapters and converters and, you know, I have a DVD player I cannot use from Europe. I'm happy to go and buy an American one, but that's good for business for the company that makes it here.

But the idea, the beautiful idea about the single market, harmonizing standards in everything from DVDs to the test that the cars use, the manufacturers test their cars, to accounting services, lawyers -- the idea of regulating these standards, of harmonizing these standards within the European Union and the United States and using this as a template for the rest of the world, this was such a beautiful idea. I know it's not easy, but we are, after all, the biggest single market, the United States. We are the two biggest single markets: the European Union, 500 million people; and the U.S., 300 million people. So we can use this as a template for China and the BRICs.

And finally, just in terms of public opinion, when are we going to have something like Euro News? We have Euro News. I think we also need to get public opinion involved and we have to get citizens involved and really fired up about the transatlantic relationship. So someday, hopefully, we'll have something like Euro News, but transatlantic. Thank you very much.

MR. VAISSE: Thanks. The lady behind -- yes.

CONTESSA BOURBON: My name is Contessa Bourbon. I'm a writer for the *New York Times*. I'd like to address this question to Mr. Shapiro. Will the President discuss currencies (inaudible) with European counterparts during the economic forum with European countries? And at this time upon declining value of dollar and complaints of European countries, what is your position on this?

MR. VAISSE: Thanks. I think we have three very substantial questions.

MR. PRODI: I can answer the first one. Look, you mentioned all the parties and movements that are going far away from the secular and pluralist tradition. Of course, you know, this is the most important chain that we have in our democracy, but I don't find a strong alliance between Mrs. (inaudible) and Mr. Boss. You know the language is different enough. But I think that all the movement that you listed, they have a common fear. It is immigration, foreign, what is different. But they have no common action. Of course, common fear is important, but I don't see any danger to the secular, pluralistic democracy on this (inaudible).

I see a danger on the direction I mentioned before. If our democracy does not take the decision that must be taken. This is our problem, you know. And so I was joking when I mentioned the expression of the Chinese minister, but I was not joking, you know. When you think that in the United States, the election of one senator -- the successor of Mr. Kennedy -- one -- has completely changed the mood of the country. (inaudible) think that we are, you know, all the decisions concerning the Greek crisis has been heavily influenced by local elections in Germany, and I could list hundreds and hundreds of this case, this is the problem. And, you know, this is the fact that could put together all the -- they were quoted (inaudible) the lunatic fringe and be a danger to democracy, not I think the real idea that this movement has something positive in

common, you know.

And so we have to fight against the fears and then we shall have a common actual (inaudible) reinforce our democracy.

MR. VAISSE: Thanks. Jeremy, maybe you'd like to answer the third question?

MR. SHAPIRO: Sure. I don't know that the presidents will discuss currency strategy per se. Of course, it is a discussion, so one never knows precisely what will come up. It's not on the agenda. But what is on the agenda is a discussion of the global imbalances, following up on the -- in the U.S.-EU Summit, following up on the sole G-20 discussions, and they will discuss what is concerning both the U.S. and Europe about the imbalances in global trade, which we believe are an impediment to global recovery. So whether that will devolve into currency strategies or what precisely currently strategies are, I don't know.

On the -- if I can, a couple of the questions that were addressed to me by the panelists, on the question of whether the United States is encouraging -- would encourage a common European -- by which I take it you mean European Union -- defense policy, and the answer is an unequivocal yes. And as a matter of fact, we've -- Secretary Clinton has given a couple of speeches on that. I would refer you to her speech in Paris in January, where we indicated our unequivocal support for that. And we work with the EU on security and defense issues just as we work with them on economic issues. And we're on the ground with them in places like Kosovo, in Afghanistan, and in the anti-piracy operations off the Horn of Africa. So we believe that there's a very important security dimension to the U.S.-EU relationship, and we hope that there will be more. I would say that the U.S. is not an impediment to the development of a more

coherent, more cohesive European common defense and security policy. But there are, I would admit, impediments.

On the question of the U.N. Security Council seat, I guess maybe -- hopefully I'm young enough to be forgiven for this answer. But I was under the impression that Europe already has two European Security Council seats.

MR. PRODI: Doesn't matter.

MR. SHAPIRO: And it's not up to the United States to tell Europe how to represent itself in international organizations. That is a European question. And I think we cannot be more integrationists than the Europeans.

MR. PRODI: You are right, but the (inaudible) was not so different, you know. It was not up to the United States to say (inaudible) seat on the Security Council.

MR. SHAPIRO: We're not telling India how to represent --

MR. PRODI: This was unrealistic, absolutely, but it was important, you know. And I don't think that it will be realistic to propose a European one, but it will be important.

MR. SHAPIRO: I think there's a distinction in that what we were doing was saying to India we support you in your aspiration. The Europeans have not decided upon that aspiration, so we would be entering into a European debate.

MR. PRODI: And so I put myself in Barrozo's shoes. Now I shall ask Obama, please, support us. (Laughter)

SPEAKER: Good. Finally I'll get my answer.

MR. PRODI: Or at least call me and not only Mrs. Merkel or Mr. Sarkozy. Sometimes call me by telephone, you know. (Laughter)

MR. VAISSE: Thanks. Paavo?

MR. LIPPONEN: Concerning currency strategies I would like to underline that the European view is that the agenda should be broader, correcting imbalances, of course, but the entire global governance question should be addressed. The United States is more sort of keen on the currency question.

And that takes me to the question on transatlantic economic community and relations. I discussed this in my first (inaudible) that really we need to work on the tariff question, sort of move tariffs regulation, streamline, to create a transatlantic sort of economic community. And trade, of course, is central -- trade and regulation -- in that. So that's part of a transatlantic strategy to recover and survive in the global context.

MR. VAISSE: Thanks much. We're going to take only one round of five last questions. Carrie, could you go to the back of the room and maybe stop en route to, sir, here. Yes, stop right here. A question and then we'll go to the back of the room so as to -- oh, but there's already a mic.

MR. SOFIE: Chris Sofie. I'm a grad student at George Mason.

MR. VAISSE: Could you stand up, please?

MR. SOFIE: Yeah. It can and has been argued that the U.S. is notoriously more protective of its citizens' Internet freedom rights than the EU is. That's the first question, I guess, why? And what explains, I don't know, the barrier between the tentative PNR agreement that's still in the process?

MR. VAISSE: Thanks. So in the back of the room. Yes, sir?

MR. SLOAN: Hello. Thank you. I'm Charlie Sloan, News Pasternak. I work at the Finnish Institute of International Affairs. Thank you for your presentations. Just a quick comment on the defense cooperation. I do have a question, but since it was brought up, it seems to me that maybe subregional or cooperation between, for instance,

NATO members and partners like SAC may be a more fruitful approach than waiting for Europe to get its whole European act together.

My question is all have mentioned values that are shared across the Atlantic: democracy, rule of law, and so on. Both the U.S. and Europe have through kind of the pages of history some experience with exporting different values. So my question is should transatlantically this be attempted and, if so, how should these values be spread?

MR. VAISSE: Thanks. Yes, sir? Over there with the blue shirt.

MR. CARR: Good evening. First of all, I would just like to thank our panelists for an excellent discussion. My name is Zack Carr and my question is directed to any one of the panelists.

What prospect do you see that austerity measures and efforts to pay down sovereign debts will actually hurt programs that enhance transatlantic cooperation and the transatlantic relationship? And I'm not referring to any program in particular, but this could, for example, be defense programs or it could be programs that are designed to promote democracy and human rights.

MR. PRODI: Can you speak louder, please?

MR. CARR: Certainly I was -- my question was that what is the prospect that austerity measures and attempts to reduce sovereign debts will actually impact programs that are very important for the transatlantic relationship in defense and promotion of democracy, human rights, and other important measures?

MR. VAISSE: Yes, sir, here.

MR. DAVIDSON: Thank you. Just a couple of questions about transatlantic relations and Afghanistan and the current -- as we heard, this is going to be

one of the issues in the --

MR. VAISSE: Sorry, could you introduce yourself?

MR. DAVIDSON: Sorry. Jason Davidson, the University of Mary Washington.

MR. VAISSE: Thanks.

MR. DAVIDSON: The first question is many have said that the European contribution, that NATO's role in Afghanistan is going to be a defining feature of the future of the transatlantic relationship. Do you believe that that is the case?

And second, how close are we to limits of European member states to contribute to Afghanistan, particularly if starting next summer the Obama Administration's drawdown is not as rapid as you might believe and given that European publics are so opposed to their countries' contributions there as, of course, President Prodi knows very well with his government's courageous decision to stay in Afghanistan even though many within his own coalition were opposed as was the Italian public? Thank you.

MR. VAISSE: Thanks. And next to him there, please.

MR. BARKER: Hi. Tyson Barker with the Bertelsmann Foundation. I have two quick questions, one is for the European leaders and one is for Jeremy Shapiro.

Since the crisis hit in -- or really peaked in 2008, it seems like integration has really been pushed forward in the European Union. And that's not by leaders, national leaders, and that's not by the Commission. It's by events and reacting to these events. At the same time, you see popularity for the European Union declining precipitously in member states. What do you feel -- what is your assessment of how leaders both in the Commission and in nation states have communicated the value of the European Union in reacting to this crisis and the integration that has come as a result of

it?

And my second question for Jeremy Shapiro is listening to the administration start to articulate its message about what the summit agenda is going to be, it seemed to start out that climate change wasn't on the agenda at all. And now, slowly but surely, we start to hear climate change kind of creep back into the agenda. I think that's accurate because it's a reaction to political realities here. But what do we do to assure Europeans that we're still moving on this domestically now that the legislative avenue for climate legislation is basically closed?

MR. VAISSE: Thanks. Apologies to all those who wanted to ask questions -- I know there are many of you -- but you know there's a cocktail at 6:00 and so I would probably get killed somehow if I would delay your getting to that cocktail. So why don't we give the panelists a last chance first to answer the questions and then to make closing statements? Maybe starting with you, Jeremy, and then in the reverse order and then Paavo Lipponen and then Romano Prodi.

MR. SHAPIRO: Starting with me?

MR. VAISSE: Yep.

MR. SHAPIRO: Okay. That was a lot of questions along a great variety. I will evade several of them (Laughter) and pick and choose what I want to answer, which I think is the great benefit of this format.

In terms of the question about Internet freedom and the passenger name record question, I'm not aware that there is a barrier between -- to the PNR agreement right now. We have an agreement in place that was put in place in 2007. The European Parliament has indicated that it wants some modifications to that agreement and we're about, in the next few weeks I believe, to start a negotiation. A mandate has come

forward from the European Commission and I think it's a negotiation that we can work with. We've demonstrated many times that because we both recognize the value of these types of programs and the value that they give to the security of our -- our mutual security of our citizens, and because we both value very much the privacy of our citizens that we -- that it's really not all that difficult to reach compromises on agreements like this. And I have every expectation that we can do it in the next round of the PNR agreement. There have been, I think, three rounds already.

And I think maybe this -- when I say that, it may surprise you a little and maybe it relates a little bit to your Internet freedom statement, you say that there's more Internet freedom in the United States than in Europe. I don't actually have an opinion on that. I don't really know very much about it. But I have noticed that very often when we say that what we really mean is the systems are different and so some values are more protected in the United States and some values are more protected in Europe. And essentially we're striking a different balance, which is pretty much how we feel about the privacy regime. A lot of people in Europe believe that the United States doesn't have a sufficient privacy regime. We don't accept that view. We have a different privacy regime than Europe, but we think that it stacks up and that at its core protects the same values that the European system protects. And we're looking for a degree of mutual recognition. And I think maybe that's the kind of thing that we need in the Internet freedom realm, I'm not sure.

In terms of the question about whether austerity programs will hurt transatlantic cooperation, I think that that's a legitimate worry. We have difficult financial climates on both sides of the Atlantic and spending programs are under a lot of pressure everywhere. I don't think it's a necessary outcome of the austerity programs.

We saw in the U.K. example as a sort of -- just to pick one, that, in fact, it's very possible to have an austerity program which can benefit from some -- particularly in defense spending, can benefit from efficiencies, can benefit from more wiser spending, and can benefit from looking at ways that we can cooperate across borders to get greater efficiency out of our spending. If you look at the German program for their defense cuts, they're going to cut their army by a fair number of troops, but they're going to actually in that process increase the number of deployable troops, which will make them, I think, in the long run a better partner for the United States. And it's that type of innovative policy which I think can prevail under austerity and actually austerity can be a spur to that type of innovative policy. So we'll see.

SPEAKER: (inaudible)

MR. SHAPIRO: Thank you. On Afghanistan, I think that Afghanistan already is a defining feature of the way that U.S. and Europe interact. It's the most important, it's the largest mission that NATO has ever undertaken. Europe is contributing currently about 40,000 troops to the mission in Afghanistan, which is quite substantial and very impressive if you consider it's 5,000 miles from Brussels. I think that going forward we are operating on the principle of in together, out together, as we always do in NATO. And it's going to be very important to align our policies as we look toward transition, as we look toward reducing troops in the coming years that we all have a sense of responsibility for this mission. This is not, in our view, an American mission. It is a NATO mission. It is an international responsibility and has a mandate from the U.N. Security Council and it has the support of the Afghan government and the Afghan population. And so we need to have a sense of mutual responsibility for that. I think that we do and I think we'll be demonstrating that at the summits this weekend. This is a

common strategy and a common endeavor and it is certainly a defining feature.

MR. VAISSE: Thanks. Paavo?

MR. LIPPONEN: Just some brief comments. First on the privacy question, I think there was a reason to be a bit concerned when Google caught someone in Finland stark naked when they were filming for their global purposes. Exporting values, I think that is more or less -- I mean, it was the Bush Administration mission to export democracy, but those days are over. We are on the defensive now, a democratic community of nations. This is a real challenge all over the world, say in Africa. So this is what should really be one of the questions on our common agenda.

The payments, how they affect, I think I'll take another example. Jeremy Shapiro gave a good answer. Development policies, we need to reform our development policies because development aid has not been all that effective. And this has got a sudden connection with the value/democracy question, that is that we should give more emphasis on education, exchange of education, educating the elite in developing countries instead of sort of exporting our exports as we are doing. That is one -- should be one effect of this, the austerity regime.

Afghanistan, as far as Finland is concerned, we can note that a debate on withdrawal in the Nordic countries did not begin in Finland. It began in Sweden. So I think Finland will be the last country to sort of announce any withdrawal. That is that we understand that we are all in it together. Of course, we need to be realistic about the Afghanistan strategy. Is this present strategy working? That's also a common challenge.

Integration, euro skepticism, how we're addressing our publics, I think on both sides of the Atlantic this is a real problem, also with the Obama policies. And as far as we are concerned, we have not engaged enough in explaining the usefulness, the

virtues of the euro. That is the old policies of devaluations and so on, say in Finland, are really policies for decline in the structural development of our economies. We have needed this instrument with the euro for stability and so on, but we have not explained enough. And now today's situation it is about telling the truth about where we stand in our economies. And I think even in my country we haven't done enough of that job because people have still unrealistic expectations. And now that we are facing a parliamentary election in Finland it can happen that only after the election when we must form a government, the government will tell the truth and give the (inaudible) that is needed.

MR. VAISSE: Thanks. Thanks very much.

MR. LIPPONEN: So thank you very much.

MR. VAISSE: Romano, you have the last word.

MR. PRODI: Well, I have been taught to be very, very (inaudible) and be very, very brief. As part of democracy, I think that we have been the biggest exporter in terms of balance of trade of democracy with (inaudible), you know. And it was really export of democracy because it was a dialogue. It was an offer. It was not an imposition. And I think this is a lesson that really strikes at the fact that we have been a great laboratory.

Second, austerity measures. Look, difficult to cooperate on that, you know, because we have a similar problem, but the different political parties offered different solutions. And so it's a problem inside Europe and not only in the relation between the United States and Europe. I have been very brief.

MR. VAISSE: Thanks. Thanks very much.

MR. PRODI: No, no, no, (inaudible). (Laughter) Afghanistan.

MR. VAISSE: Afghanistan.

MR. PRODI: This is a problem because when I take a position to the withdrawal of Italian troops from Iraq, I made a lot of (inaudible) different because of intelligent engagement, because of NATO, because of that, and I convinced my public opinion. Now would be much more different because too many of the things going on without an explanation of what is happening, without knowing whether there is a political dialogue or not, what did the (inaudible) this Afghani government, you know. And so step by step remember at least in Europe public opinion is dangerously changing on this issue. Please take note about that.

Last problem, popularity's declining in a Europe institution. Has been always declining, but it never stops, you know. (Laughter) So even (inaudible) always told me it was declining, but less than zero cannot go. (Laughter) And --

MR. VAISSE: Washington among Americans is almost at zero.

MR. PRODI: Oh, so you know the problem. No, remember one thing, that this is not a real important meter. And to say that if -- and my experience, in your initial policy you have something wrong, you blame (inaudible) and it's very easy because (inaudible) has no media, you know. Nothing is the way it can be, only be like a dog, you know. (inaudible), but he cannot bark. And, you know, this is a situation that will go on, on, and on. And in Europe it's difficult to take a change also because of the difference of language. You never -- when you talk about politics you don't take account of the very simple thing, you know. We have 22 languages. To have a European common opinion we'll need a lot of time, and this is why, you know, Europe is half-cooked, but we go on cooking it.

MR. VAISSE: Thanks very much. On this note I'd like you to join me in

applauding the panelists for a very stimulating panel. (Applause)

\* \* \* \* \*

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