

# WORLD POLICY CONFERENCE

FIRST EDITION, OCTOBER 6<sup>th</sup>-8<sup>th</sup>, 2008, EVIAN, FRANCE



WORLD  
POLICY  
CONFERENCE

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# Foreword



The World Policy Conference (WPC) is an initiative of Ifri. Its task is both ambitious and modest: to be helpful in redefinition and reconstruction of global governance. To this end, we wanted to gather actors from various communities around world leaders, because we believe that it is from the interaction between different types of actors that innovative ideas and solutions can emerge. The World Policy Conference also has to be designed to help diagnose the state of the world and to understand where it is going to. There is no therapy without diagnosis.

Since Ifri launched this initiative a year ago, the world has entered a period of great turbulence. If we fail to go directly, from 1929 to 1945, i.e. to jump from crisis to reconstruction, we might face tragedies more or less comparable to those of the thirties.

My belief is that this crisis marks 2008 as the starting point of the 21st century. We are witnessing the end of unipolarity. In the foreseeable future, the world will be multipolar, heterogeneous and global. We have to rediscover the diversity of the world. Global governance for the future can only be based on knowledge of others, mutual respect and listening. The key words here are curiosity and most importantly tolerance.

For this first edition of the WPC, 650 participants from some forty countries gathered together, expressing their desire to promote cooperation and dialogue. More than 250 journalists representing a hundred media organizations covered the event. Even if this was only the first conference, its discussions have opened up avenues to explore in the pursuit of global progress for humankind. The WPC team will devote itself to exploring these avenues further.

I would like to warmly thank the leaders who, by their presence at this first edition, have demonstrated their confidence in us and all the other participants who have given the conference its specificity. My thanks also go to all those who contributed to the organization of this event.

The reconstruction work before us is daunting. It will not come about overnight.

Let us make an appointment next autumn.

**Thierry de Montbrial**  
PRESIDENT AND FOUNDER  
NOVEMBER 2008

A handwritten signature in black ink, appearing to read 'Thierry de Montbrial'. The signature is stylized and fluid, with a horizontal line underneath it.

# Programme

**SUNDAY, OCTOBER 5<sup>th</sup>**
**17:00 - 22:00 Registration and Welcome buffet**
**MONDAY, OCTOBER 6<sup>th</sup>**
**09:30 - 10:15 Opening session**
**Presentation of the World Policy Conference:**

- Thierry de Montbrial, President and Founder
- François Fillon, Prime Minister of the French Republic: Speech delivered by Thierry de Montbrial

**10:15 - 12:30 Plenary session**

- Toomas Hendrik Ilves, President of the Republic of Estonia
  - Raila Amolo Odinga, Prime Minister of the Republic of Kenya
  - Hans-Gert Pöttering, President of the European Parliament
  - Jaap de Hoop Scheffer, Secretary-General of NATO
  - HRH Turki Al Faisal, Chairman of King Faisal Center for Research and Islamic Studies
  - Mario Monti, President of the Bocconi University of Milan
- Moderators: Quentin Peel, The Financial Times; Jim Hoagland, The Washington Post

**13:00 - 15:00 Parallel lunch-debates**
**Lunch 1**

- World Leaders

Moderator: Thierry de Montbrial

**Lunch 2**

- Kemal Dervis, Administrator of the United Nations Development Programme (UNDP)
- Mario Monti, President of the Bocconi University of Milan

Moderator: Jacques Mistral, Director for Economic Studies at Ifri

**Lunch 3**

- Han Sung-Joo, Chairman of the Asan Institute for Policy Studies. Former Foreign Minister of the Republic of Korea
- Eberhard Sandschneider, Director of the Research Institute of the German Society for Foreign Policy (DGAP) in Berlin
- Yukio Satoh, Former Ambassador to the United Nations. Head of the Japan Institute of International Affairs
- Yusuf Wanandi, Co-Founder, Member of the Board of Trustees, and Senior Fellow, Centre for Strategic and International Studies (CSIS) at Jakarta

Moderator: Dominique Moïsi, Senior Advisor at Ifri

**15:30 - 17:00 Parallel workshops**
**United States: what does the world expect from the “indispensable nation?”**

- Han Sung-Joo, Chairman of the Asan Institute for Policy Studies. Former Foreign Minister of the Republic of Korea
  - Marshall Goldman, Professor of Russian Economics (Emeritus) at Wellesley College, Former Associate Director of the Davis Center for Russian Studies at Harvard University
  - Jim Hoagland, Columnist and Senior Foreign Correspondent for *The Washington Post*
  - Dominique Moïsi and Etienne de Durand (Ifri)
- Moderator: Vincent Jaubert, Le Nouvel Observateur

**Japan: what power, what strategies?**

- Satoh Yukio, Former Ambassador to the United Nations. Head of the Japan Institute of International Affairs
- Igor Ivanov, Former Foreign Minister of Russia
- Roderick MacFarquhar, Professor of History and Political Science at Harvard University
- Valérie Niquet (Ifri)

**Is Europe with 27 and more members sustainable?**

- Arseni Yatsenyuk, Chairman of the Verkhovna Rada of Ukraine
  - Kemal Dervis, Administrator of the United Nations Development Programme (UNDP)
  - Yusuf Wanandi, Co-Founder, Member of the Board of Trustees, and Senior Fellow, Centre for Strategic and International Studies (CSIS) at Jakarta
  - Michel Foucher, Former Ambassador to Latvia. Ex-Director of CAP
  - Hans Stark and Kerry Longhurst (Ifri)
- Moderator: Quentin Peel, The Financial Times

**An arc of crisis from Iraq to Pakistan**

- Volker Perthes, Director of the German Institute for International and Security Affairs and Chairman and Director of the Board of SWP
  - Shireen Hunter, Visiting Professor at Georgetown University, Distinguished Scholar at the Center for Strategic and International Studies in Washington, DC
  - Denis Bauchard and Marc Hecker (Ifri)
- Moderator: Robert Parsons, France 24

**Which governance for which stability?**

- K. Shankar Bajpai, Former India's Ambassador to Pakistan, China, and the United States, Chairman of the Delhi Policy Group
- Sergey Karaganov, Chaiman of the Council on Foreign and Defense Policy. Dean of the School of International Economics and Foreign Affairs, State University - Higher School of Economics (SU-HSE), Moscow
- Jean-Marie Guéhenno, French Diplomat, Former United Nations Under-Secretary-General for Peacekeeping Operations

- Marie-Christine Dupuis-Danon, International Consultant, Expert in Criminal Finance, Former Expert, Laundering of criminal money, UN Office for Crime Prevention
  - Philippe Moreau Defarges and Laurence Nardon (Ifri)
- Moderator: Bernard Guetta, France Inter

**The economy of knowledge, or education, still deserves an effort**

- Bertrand Collomb, Honorary Chairman of Lafarge. Chairman of Board of Directors of Ifri
  - Jean Pisani-Ferry, Director of Bruegel
  - Anatoly Tokunov, Rector of the Moscow State Institute of International Relations (MGIMO), Corresponding Member of the Russian Academy of Science
  - Susanne Nies (Ifri)
- Moderator: Natacha Butler, France 24

**Credit crisis, financial crisis, economic crisis: what to do?**

- Mario Monti, President of the Bocconi University of Milan
  - André Levy-Lang, Administrator of Dexia, Paris-Orléans and Scor. Associated Professor Emeritus at Paris Dauphine University
  - Gikas A. Hardouvelis, Professor at the University of Piraeus, Chief Economist and Director of Research at EFG Eurobank
  - Jacques Mistral, Director for Economic Studies at Ifri
  - Françoise Nicolas and Eliane Mossé (Ifri)
- Moderator: John Thornhill, The Financial Times

**Regulation of migrations, a world issue**

- Juan Manuel Gomez-Robledo V., Representative of the President of the United Mexican States
  - Mohammed Bedjaoui, Former Foreign Minister of Algeria
  - Christophe Bertossi (Ifri)
- Moderator: Taoufik Mjaïed, France 24

**Is the Gulf becoming an arc of hope?**

- HRH Turki Al Faisal, Chairman of King Faisal Center for Research and Islamic Studies
  - Henry Siegman, Director for the US/Middle East Project
  - Bassma Kodmani, Director of the Arab Reform Initiative
  - Khadija Mohsen Finan (Ifri)
- Moderator: Christophe Boltanski, Le Nouvel Observateur

**20:00 - 22:30 Dinner-debate**

Dinner with Pascal Lamy, Director-General of the World Trade Organization

Moderator: Quentin Peel, The Financial Times


**TUESDAY, OCTOBER 7<sup>th</sup>**
**10:00 - 12:30 Plenary session**

- Abdoulaye Wade, President of the Republic of Senegal
  - William Mesic, President of the Republic of Croatia
  - Nambaryn Enkhbayar, President of the Republic of Mongolia
  - SaKong Il, Personal Representative of the President of the Republic of Korea
  - Juan Manuel Gomez-Robledo V., Representative of the President of the United Mexican States
- Moderators: Stéphane Paoli, France Inter ; Ulysse Gosset, France 24

**13:00 - 15:00 Parallel lunch-debates**
**Lunch 1**

- Abdoulaye Wade, President of the Republic of Senegal
- Moderator: Lionel Zinsou, Managing Partner of the Private Equity firm PAI

**Lunch 2**

- Nambaryn Enkhbayar, President of Mongolia
- Moderator: Roderick MacFarquhar, Professor of History and Political Science at Harvard University

**Lunch 3**

- Toomas Hendrik Ilves, President of the Republic of Estonia
- Moderator: Dominique Moïsi, Senior Advisor at Ifri

**15:30 - 17:00 Workshops and a non plenary roundtable in parallel**
**Workshops**
**Russia: domestic developments and external policies**

- Marshall Goldman, Professor of Russian Economics (Emeritus) at Wellesley College, Former Associate Director of the Davis Center for Russian Studies at Harvard University
  - Sergey Karaganov, Chaiman of the Council on Foreign and Defense Policy ; Dean, School of International Economics and Foreign Affairs, State University - Higher School of Economics (SU-HSE), Moscow
  - Anatoly Tokunov, Rector of the Moscow State Institute of International Relations (MGIMO), Corresponding Member of the Russian Academy of Science
  - Thomas Gomart and Adrian Dellecker (Ifri)
- Moderator: Bernard Guetta, France Inter

**China: domestic developments and assertion of power**

- Yusuf Wanandi, Co-Founder, Member of the Board of Trustees, and Senior Fellow, Centre for Strategic and International Studies (CSIS) at Jakarta
  - Eberhard Sandschneider, Director of the Research Institute of the German Society for Foreign Policy (DGAP) in Berlin
  - Roderick MacFarquhar, Professor of History and Political Science at Harvard University
  - Valérie Niquet (Ifri)
- Moderator: Ursula Gauthier, Le Nouvel Observateur

**India: regional power and/or world actor?**

- Jean-Luc Racine, Senior Fellow du CNRS au Centre des Etudes de l'Asie du Sud (CEIAS), Ecole des Hautes Etudes en Sciences Sociales, Paris
  - Brahma Chellaney, Professor of Security Studies at the New Delhi-based Center for Policy Research
  - K. Shankar Bajpai, Former India's Ambassador to Pakistan, China, and the United States, and as Secretary of the Ministry of External Affairs, Chairman of the Delhi Policy Group
  - Olivier Louis (Ifri)
- Moderator: John Thornhill, The Financial Times

**Sub-Saharan Africa: implosion or takeoff?**

- James Orengo, MP, Minister for Lands of the Republic of Kenya
  - William Zartman, Jacob Blaustein Professor of International Organizations and Conflict Resolution and Director of Conflict Management at the John Hopkins University
  - Lionel Zinsou, Managing Partner of the Private Equity firm PAI
  - Robert Glasser, Secretary General of CARE International
  - Alain Antil (Ifri)
- Moderator: Robert Parsons, France 24

**Israel/Palestine, a crucial international issue: what commitments for external actors?**

- Amine Gemayel, Former President of the Lebanese Republic
  - Henry Siegman, Director for the US/Middle East Project
  - Shlomo Avineri, Professor of Political Science at Hebrew University of Jerusalem
  - Sari Nusseibeh, Professor of Islamic Philosophy, President of Al Quds University, Former PLO Representative in Jerusalem
  - Bassma Kodmani, Executive Director of the Arab Reform Initiative
  - Dorothee Schmid (Ifri)
- Moderator: Jean-Bernard Cadier, France 24

**Energy and climate: what diplomatic challenges?**

- Thomas Becker, Deputy Permanent Secretary at the Danish Ministry of Climate and Energy
  - Bruno Weymuller, Advisor to the Managing Director at Total SA
  - Bruno Lescoeur, EDF's Senior vice President for International Businesses
  - Jacques Lesourme, Former Editor of *Le Monde*, President of Futurible International
  - William Ramsay and Maité Jauréguy-Naudin (Ifri)
- Moderator: Natacha Butler, France 24

**World food crisis**

- Hervé Gaymard, MP, President of the Regional Council of Savoy, France
  - François Danel, Director General of Action Contre la Faim
  - Aline Leboeuf (Ifri)
- Moderator: Andrey Zolotov, *Founding Editor of Russia Profile magazine, RIA Novosti*

**Non plenary roundtable**

- Mohammed Bedjaoui, Former Foreign Minister of Algeria
  - Han Sung-Joo, Chairman of the Asan Institute for Policy Studies. Former Foreign Minister of the Republic of Korea
  - Igor Ivanov, Former Foreign Minister of Russia
  - Hubert Védrine, Former French Foreign Minister
- Moderator: Wolfgang Ischinger, German Diplomat. Former Ambassador to the UK and the USA

**17:15 - 18:45 Special plenary session on economics**

- Kemal Dervis, Administrator of the United Nations Development Programme (UNDP)
  - Jean-Claude Trichet, President of the European Central Bank
  - Thierry de Montbrial, President and Founder
- Moderator: Jacques Mistral, Director for Economic Studies at Ifri

**20h00 - 23h00 Official dinner**
**WEDNESDAY, OCTOBER 8<sup>th</sup>**
**9:30 - 12:00 Plenary session**
**Opening session: Thierry de Montbrial, President and Founder**

- Pascal Couchepin, President of the Swiss Confederation
- Boris Tadic, President of the Republic of Serbia

- Christophe de Margerie, General Director of Total

Moderators: Jim Hoagland, The Washington Post; Stéphane Paoli, France Inter

**12:00 - 13:15 Closing Session**

- Dmitry Medvedev, President of the Federation of Russia
- Nicolas Sarkozy, President of the French Republic

**13:30 - 15:30 Parallel lunch-debates**
**Lunch 1**

- Stepan Mesic, President of the Republic of Croatia

Moderator: Michel Foucher, Former Ambassador of France to Latvia, Former Director of CAP

**Lunch 2**

- Pascal Couchepin, President of the Swiss Confederation

Moderator: Dominique Moïsi, Senior Advisor at Ifri

**Lunch 3**

- HRH Turki Al Faisal, Chairman of King Faisal Center for Research and Islamic Studies
- Christophe de Margerie, General Director of Total

Moderator: Jim Hoagland, The Washington Post

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# OPENING SESSION



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LETTER\* BY

# François Fillon

PRIME MINISTER OF THE FRENCH REPUBLIC

“The French Institute of International Relations has demonstrated remarkable foresight by launching, with the World Policy Conference, new type of dialogue, centered on the question of international governance at the highest level. In autumn 2008, it is obvious that we are facing one of the major challenges of this new century. (...)

France, along with others, has not given up, and is steadily striving to contribute to the elaboration of a solution. (...)

The priority for us is to better associate emerging countries with the management of this complex world, in exchange for greater responsibility from them. President Nicolas Sarkozy keeps saying what should be obvious for everyone: the reform of the Security Council must be urgently re-launched. We have to gradually move from a G8 to a G14. (...)

But, beyond institutional reforms, states must regain a central role in orientation and initiative. They can achieve this if political willingness is present. (...)

I am very happy and proud of the birth, in France, of this new forum which will no doubt become an important date in the diplomatic agenda. There could not be a better organizer than Ifri.

I wish you all fruitful work, audacious ideas and, above all, concrete propositions. We are open to your suggestions.”

SPEECH\* BY

# Thierry de Montbrial

PRESIDENT AND FOUNDER

“Let me first say a few words about the origin of this WPC, World Policy Conference. We at Ifri took the decision to hold it about a year ago on the basis of the four following points:

First point, the acceleration of history. (...)

Second point: the conviction that the “end of history,” as proposed by the famous expression of Francis Fukuyama was an illusion. (...)

Third point: we need states. States are important, simply because, by definition, they represent collective interests.

(...) fourth point: the necessity for remodeled states and for a both flexible and reinforced cooperation between states (...)

What we want is to contribute to the emergence of solutions. (...)

In order to do something constructive, we want, under appropriate modalities, to gather together leaders of the planet, i.e. those who really exercise responsibilities. (...)

And finally, this conference will meet yearly. And between each meeting, we will keep working on the ideas that come up and to try to embody them and to get them to the action field. (...)

In the foreseeable future, for at least the next 15 or 20 years, the world will be multipolar, heterogenous and global. These are not empty words. (...) *Multipolar* means that some sort of balance of power between several ‘poles’ will have to be found. *Heterogenous* means that there will be no ideological consensus. *Global*, because the main features of enhanced interdependence, a characteristic of globalization are likely to survive. Thus, we have to elaborate new rules of the game, economic and political ones, accompanied by ‘confidence building measures,’ as we used to say during the Cold War.”

\*See full version page 62





# PLENARY SESSIONS

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"I think that is one of the challenges that we face in the European Union and in the liberal democratic West –how strong is our moral backbone when huge sums of money are floating around in a context of authoritarian capitalism and petro-states that have huge resources and don't need to follow the rules of democratic transparency. One of the difficulties we have been facing for a while is that the Western principles of transparency, rule of law and liberal democracy can be subverted in exchange of huge amounts of money or deals or special contracts. (...)  
I think ultimately we need to defend our unity, based on our values of liberal democracy and rule of law, as each of us is small, even Germany and France are small compared to China."

**Toomas Hendrik Ilves**  
President of the Republic of Estonia



"Partnership for positive global change, can be taken as a pointer to the state of our world. (...)  
Likewise, the global level of devotion to ensuring better prospects for all will be a serious determinant of where our world is going. (...)  
A bold determination to unite the world in long-term commitment to humanitarian and development-oriented solutions, building on shared responsibility and aiming for realisation of the UN's 'global partnership of equals,' is a vital step for us all, no matter where in the world we come from."

**Raila Amolo Odinga**  
Prime Minister of the Republic of Kenya



"Exceptional can not be synonymous of abandoning the core principles of market economy, such as the need for effective competition policy, or of providing a blank check to banks and closing an eye on the main rules the European Monetary Union is built upon. (...)  
A comprehensive response to the crisis on world markets also requires solutions to be looked at a global level. We need a 2008 neo-'Bretton Woods' conference. (...)  
There was no way the international community could accept that the territorial integrity of Georgia be called into question by means of unilateral decisions taken in Moscow! (...)  
Today the European Union, acting as a force for peace throughout the world, considers intercultural dialogue to be one of the most important elements of our peace strategy."

**Hans Gert Pöttering**  
President of the European Parliament



"Three conclusions:  
- To push for closer, pragmatic cooperation among our key institutions. (...)  
- To engage today's new heavyweights constructively and make them stakeholders in a common endeavour. As far as 'my' institution –NATO– is concerned, I believe that our partnership policy still holds considerable potential. (...)  
- To rally others, notably the rising powers, behind a common agenda. With shrinking financial and military resources, and rising domestic demands, nations can only pursue a sensible, outward-looking agenda if they act in concert and share the burdens. This common agenda can no longer be a purely Western agenda."

**Jaap de Hoop Scheffer**  
Secretary-General of NATO



"The US and Europe, when I was growing up, were the models, the examples for developing countries to seek knowledge and experience. The last few weeks particularly have shown, that these examples have not reached our expectations. When the issues of economics, politics and social development are considered, we see a lot of double standards being applied throughout the world. (...)  
The standard aid or aim of aid proposed by the United Nations for the rich countries is that they should give aid in the proportion of 0.4% of their GDP for the rest of the poor countries. Saudi Arabia over the last 30 years in particular has given in terms of aid, 4% not 0,4 % of its GDP."

**Turki Al Faisal**  
Chairman of King Faisal Center for Research and Islamic Studies



"For globalization to be irreversible, it needs to be accepted. To be accepted, it needs to be governed. For globalization to be governed, there has to be multilateral coordination. (...)  
You can be either disintegrated by this huge financial crisis if the responses are disparate and desperate, or it can find in this situation a further opportunity to improve its integration process. European integration has always developed through crisis."

**Mario Monti**  
President of the Bocconi University of Milan



“It’s not only in the North you can find brains, intelligences and initiatives, so we have to work together to find solutions. If we want to change the world, we have to take it progressively over time step by step in peace and not in conflict and through an exchange of ideas as we are doing this morning. We shouldn’t feel that people in the North locked up in their offices can solve the global problems. We have to involve Africa. We have to take this continent into account.”

**Abdoulaye Wade**  
President of the Republic of Senegal

“Frontiers set the limits of each country’s territorial integrity. But they do not set the limits of peoples. Peoples live on both sides of the frontier. Frontiers will exist as long as there are states. The question is: what purpose should frontiers serve? They must connect and not separate states and peoples. (...) Today there are about 200 states in the world; 192 of them are members of the United Nations. We should additionally bear in mind the fact that there are also about several hundred cultures worldwide. Likewise there are hundreds of thousands transnational companies. This means that the present-day world, as I already said, is interdependent, but also economically, sociologically and biologically indivisible.”

**Stepan Mesic**  
President of the Republic of Croatia

“There are changes which actually are not changes. (...) Efficiency means that good government should have enough skills to prevent any problem before it turns into disaster. (...) We all live in 21st century. (...) Good governance means responsible and accountable government. (...) Changing ourselves not others is the most difficult, but the best and shortest way to succeed. Small countries cannot afford of having ‘costly’ governments. (...) Small countries cannot afford of having problems with other countries, including their immediate neighbors. (...) Strong rule of law is better than strong leaders in all countries irrespective of their sizes. It is especially true in small countries.”

**Nambaryn Enkhbayar**  
President of the Republic of Mongolia

“Unlike in the previous unipolar world, under the current global power balance, decision-making at the global community level is expected to be more complicated and time-consuming. (...) The changed global economic power balance demands a major reform in the existing global governance system. First of all, its institutional infrastructure which has been in place since the 1940s has to be reformed to make it politically more legitimate and operationally more effective. In this connection, I am of the view that President Sarkozy’s proposal to expand G-7 to G-13/14 is in the right direction. (...) What we need is a prudent regulatory and supervisory function carried out properly. But the current financial crisis should not be used as a pretext for reverting to financial statism.”

**SaKong II**  
Personal Representative of the President of the Republic of Korea

“The Latin-American societies seem to be disappointed. Notwithstanding the unquestionable progress of democracy in these countries, these societies still have not received the benefits which go hand to hand with democratic institutions. (...) Poverty is still present in Latin America: 43% of people live in poverty and among them, 18% in extreme poverty. (...) Today it is from inside democratic institutions, through the use of their rules, that the foundations of democracy can be sapped. (...) Given their potential and the challenges they face, it is obvious that the states of the area lack attention from the main centers of global power. International cooperation is centered on the low income countries and is not adapted to the needs of middle income economies.”

**Juan Manuel Gomez-Robledo V.**  
Representative of the President of the United Mexican States



Tuesday, October 7<sup>th</sup>, 2008 • 17:15 - 18:45 • Moderator: Jacques Mistral, Head of Economic Research at Ifri



“The financial crisis has now become a global crisis that could make 2009 a year of growth pause. Six months ago, people thought that growth would be stronger than expected, but now it would appear that we are in the midst of a crisis in which the adverse effects on the real economy are even more significant than anticipated. We must brace ourselves for a very serious slowdown of global growth and endeavour to prepare for recovery. (...) Following steps deserve serious attention. First, the question of the financial system supervision has been raised for many years. What is the role that central banks could or ought to play?

Second, in my opinion, any human society needs to strike a balance between the incentives for risk-taking in a competitive environment as a catalyst for growth on the one hand and the need for safety on the other. It is obvious that the kind of financial capitalism that we have come to know so well over the last decade is too heavily tilted towards risks taking. (...) The last aspect I would like to develop relates to international issues. Mr Trichet told us about the excellent cooperation that exists between Central Banks. (...) Governments also must cooperate. International institutions such as the

IMF as well could play a guiding role in coordinating fiscal and financial policies by assisting all countries with consultations, advice, and fostering cooperation.”

**Kemal Dervis**  
Head of the United Nations  
Development Programme

“The current crisis is unprecedented in that it is affecting the heart of the world financial system. (...) The current crisis is linked to fundamental structural changes in the global economy, reflecting economic and financial globalisation and integration. (...)

The sentiment that we expressed at the time was that there was a fundamental undervaluation of risk in the financial system. (...) We also said publicly, long before the difficult time we are going through today, that the private sector had to prepare for a market correction, because such a correction was inevitable. (...) The reason why financial market participants underestimated risk had to do with the fact that for long time we had experienced remarkable rates of growth with low inflation. (...)

Over the past few years, we experienced a configuration of the investment-savings balance in which there was an excess of savings over investment in many large economies. (...) Clearly, an environment (...) in which capital is looking –often quite desperately– for investment opportunities is quite a dangerous one. (...) Another reason for the build-up of the crisis was the rapid expansion of credit derivatives. (...)

International cooperation is extremely intense right now, and we have extremely close relations, very trustful relations, with all central banks. (...)

A consensus has been established that the current problem is a global one, and that therefore the solution also needs to be global. (...)

We need much more transparency; transparency of institutions, financial instruments and markets. (...) What is inadmissible is that we should strengthen the booms and busts by the financial and accounting rules we make to organise the actions of financial and economic players. (...) The quest to eliminate all these pro-cyclical elements in international finance is a key to understanding what we are doing. (...) We are at the start of a very fundamental reform of the international financial system, and there should be no taboo for reform.”

**Jean-Claude Trichet**  
President of the European Central Bank



"I think someone was talking about a two-tier WTO. And at that time, Pascal Lamy who represented the European Union said that politicians would love this but businessmen would hate this. (...)  
I think that the main problem is to build governance in the economic field, not a super-state but an efficient instrument that sets up all the safe guards necessary to avoid such crisis, including all the financial leaders, ministers, etc. (...)  
Now how can we restore confidence? There is no miracle solution. There is no single solution for this. I think confidence has to be built over time. And I believe that if there is a positive lesson to be learnt from this crisis, there will be just one lesson, that is, that it will force statesmen over the world whatever their colour to be responsible and to act in a sustainable manner, to make promises that they can keep."

**Pascal Couchepin**  
President of the Swiss Confederation



"The Balkanization of the Balkans can be reversed. European Union membership is the region's only way to consolidate both integration and reconciliation. (...)  
We all know that there are dozens of breakaway regions throughout the world. Many existing conflicts could escalate. (...)  
My country supports the deepening of Europe's engagement in any part of Serbia, including Kosovo. (...)  
Kosovo is a symptom of the larger malady we all feel. I believe it can be part of the solution."

**Boris Tadic**  
President of the Republic of Serbia



"Climate change is real, compelling and urgent. This is why Total is on the front line of efforts to meet this challenge at both the local and global levels. A pragmatic approach should seek to create solutions that protect the environment without undermining the growth of the global economy. (...)  
The increase in importance of climate change requires the awareness that deep changes in our society and behavior must occur. But the economic cost associated with climate policies as well as trade-offs and uncertainties must be openly communicated."

**Christophe de Margerie**  
General Director of Total





“Democracy is not spontaneously generated. Democracy is a long-term cultural growth. (...) That is to say how unacceptable, vain and humiliating the ‘airborne democracy’ is, for instance in the holds of bombers in Iraq. (...) We have to help peoples themselves to attend to the birth of their own democracy.”

**Mohammed Bedjaoui**  
Former Foreign Minister of Algeria



“Democratization of many countries –this is a mixed blessing for global governance as international issues become politicized and democratization tends to galvanize nationalism. (...) Increasing linkages between politics and economy, and between domestic politics and international politics. Current global financial crisis, for example, is bound to have a serious repercussion on the politics and security of many countries and the world.”

**Hang Sung-Joo**  
Chairman of the Asan Institute for Policy Studies. Former Foreign Minister of the Republic of Korea



“You can see the obvious deficiency of the system of global management everywhere. You see this deficiency in economy, in diplomacy, in security. This deficit proves to be a growing threat to global stability. (...) Russia and America’s relations are a bad case of mismanagement. (...) It is also obvious that the regional organizations are in a kind of chaos. (...) We need to know what works and what does not –in security, economy, law.”

**Igor Ivanov**  
Former Foreign Minister of Russia



“There is no architecture of the world. The West has in large part wasted its chances after the Cold War, and is today realizing that it is losing the advantage. (...) Thus, multilateralism has to be refounded, forgetting the obsession with large conglomerates.”

**Hubert Védrine**  
Former French Foreign Minister



# LUNCH & DINNER DEBATES

WORLD POLICY CONFERENCE, FIRST EDITION, OCTOBER 6<sup>th</sup>-8<sup>th</sup>, 2008, EVIAN, FRANCE

Monday, October 6<sup>th</sup>, 2008 • 13:00 - 15:00**Lunch 2 • Moderator: Jacques Mistral**

"I believe that nobody, really nobody in the world knows where we are in the crisis, I certainly don't."

**Mario Monti**

"We are facing something deeper: whether the economic and social system where market and profit motives dominate completely is really sustainable."

**Kemal Dervis**

**Lunch 1 • Moderator: Thierry de Montbrial**

"The people of Kenya and in many parts of Africa have demonstrated their determination to pursue their rights through democratic means and through holding their leaders to account." **Raila Odinga**

"We have to realize that Russia is our neighbor. We need pragmatic, we need moderate, and we need peaceful bilateral relations with the Russian federation." **Arseni Yatseniuk**

"Those who would present themselves as the holders of those ideas –that make up what is called democracy– do not have the right to stuff their energy and their ideas down my throat." **Turki Al Faisal**

"In Spain, democracy is primary, your rights [*basque people*] are primary, so there is no need to split away from the Spanish state."

**Hans-Gert Pöttering**

"You can help to create democracy but you can never impose democracy."

**Jaap de Hoop Scheffer**

**Lunch 3 • Moderator: Dominique Moïsi**

"About ten years ago, we had a financial crisis of our own and although the causes were not exactly the same, we had to deal with our problems and strengthen regulation." **Han Sung-joo**

"Change is happening, this change with power in economic terms going to East Asia in the future is slowly happening." **Yusuf Wanandi**

"Among Japan, Korea and South-East Asian countries, we are still in the process of developing the community of mutual interdependence. In this process, we need the United States." **Yukio Satoh**

"There is a massive shift of wealth from West to East. It was a gradual shift. It's gaining speed. It might even end up being a dramatic shift."

**Eberhard Sandschneider**

Tuesday, October 7<sup>th</sup>, 2008 • 13:00 - 15:00**Lunch 1 • Moderator: Lionel Zinsou**

"Today, all the African Heads of state rallied to the idea of the birth of the United States of Africa. China is a chance for us."

**Abdoulaye Wade**

**Lunch 2 • Moderator: Roderick MacFarquhar**

"Small countries can only win when the world becomes more complicated."

**Nambaryn Enkhbayar**

**Lunch 3 • Moderator: Dominique Moïsi**

"We don't always appreciate being defined simply by being a neighbor of Russia, largely because those definitions reflect more upon Russia itself."

**Toomas Hendrik Ilves**



Wednesday, October 8<sup>th</sup>, 2008 • 13:30 - 15:30



**Lunch 1 • Moderator: Michel Foucher**

“Although I believe that indeed there are universal values to be protected, I don’t think that there is a universal way of protecting them.” **Stepan Mesic**

**Lunch 3 • Moderator: Jim Hoagland**

“Not just the United States but the world community needs to look on the energy problem in its global aspects not simply from a selfish, nationalist point of view.” **Turki Al Faisal**

“How high do you need fossile energy prices to rise, to justify the development of new energies?” **Christophe de Margerie**



**Lunch 2 • Moderator: Dominique Moisi**

“It needs years to gain confidence and a few minutes to lose it. I am convinced that states did not lose the confidence of the citizens.”

**Pascal Couchepin**



Monday, October 6<sup>th</sup>, 2008 • 20:00 - 22:30 • Moderator: Quentin Peel



“Global governance, like mass, has three states: solid, gas and liquid. The solid one corresponds to the governance of the nation state. (...) The gaseous state of governance is the international system which, since the peace of Westphalia in 1648, is based on the sovereignty of the nation state. (...) The third state of global governance is that of liquid: in between solid and gas. It corresponds to regional integration systems, the most sophisticated of which is the European Union with supranational governance where EU members have seriously constrained their sovereignty. (...) The path to more global governance requires four elements:

- a collective political will to go global,
- a consensus on the concept/the agenda of how to regulate globally,
- a place to negotiate binding commitments, and to administrate and enforce them,
- a capacity to compromise, which means bringing on board domestic constituencies. (...)

There is a grand bargain in front of us including finance reform of the United Nations Security Council, and a post Kyoto deal, assuming what remains to be done on the Doha Round is done quickly.”

**Pascal Lamy**



# WORKSHOPS

WORLD POLICY CONFERENCE, FIRST EDITION, OCTOBER 6<sup>th</sup>-8<sup>th</sup>, 2008, EVIAN, FRANCE



## United States: what does the world expect from the “indispensable nation?”

The happy 1990s are over, and with them the unipolar moment as well. Absorbed with its domestic priorities, the US will no longer be able to act as the “indispensable nation” on the world stage. America will, however, remain the most important actor of the emerging multipolar system, since it is the only nation endowed with all the elements of international power and influence.

In foreign policy terms, the US has suffered a significant loss of influence and prestige. It is partly due to the unilateral policies followed but the Bush Administration, but results also from the US adventure in Iraq, and the resulting overwhelming focus of the Administration on the Iraq issue these past years.

Yet, the US continues to play a central political role in all the major regions of the world. Given its technological advance, power projection capabilities, and command of the “global commons” (space, sea, and air), the US will remain for the foreseeable future the indisputable military superpower. As such, America is key to the international security architecture, and continued American engagement is needed in most parts of the world: no other nation or group of nations, neither the European Union in Europe nor China in Asia, is ready, willing or accepted as the ultimate security guarantor in lieu of America.



## Japan: what power, what strategies?

Japan, the “forgotten player,” today is confronted by the temptation of turning inward and withdrawing from the world.

Japan is facing a necessary redefinition of its identity. The “triangle d’airain” linking government, bureaucracy and business, which had made the fortune of Japan Inc. was, in part, smashed by the crisis of the 1990s.

At the same time, Japan continues to occupy a prominent economic position, being the world’s second largest economy. This position is all the more essential in a period of global financial crisis, since Japanese financial institutions, painfully purged during the “lost decade,” are today the only ones to have cash available.

The relationship with China is today undoubtedly the most structuring for Japanese foreign strategy in its entirety. It justifies in particular

Japan’s prioritisation of Japanese-American security agreements above all others, which are always defined as a priority, as well as the military engagement of the United States in Asia, beyond the “simple” North Korea question.

Beyond the vital importance attached to America as protector, Japan wants to distinguish itself through a foreign policy position in which multilateral structures, including a reformed UN, are prioritised, thus Japan, with others, would find its full place. It is here that Japan sees a future of reinforced security, rather than through the establishment of alliances against an assertive China.





## Is Europe with 27 and more members sustainable?

The European Union has fundamentally changed as a result of the enlargements of 2004/7, and as a result, the EU “isn’t what it was” and European integration will never be the same again.

The EU’s diversity means that “uniform” patterns of integration involving the EU as a whole will cease to be the norm. There was a broad consensus between these participants that flexible and differentiated modes of integration will most probably become more apparent.

An EU based on flexible integration would allow EU states to opt-in or out of certain EU policy spheres or zones.

The relative advantages that large member states benefited from are destined to be eroded because the small member states defend their points

of view more and more. The balance which existed before between large and small member states will inevitably shift in favour of the small ones.

It was argued by some in the group that the EU can best be sustained by keeping the enlargement dynamic going. Supporters of the enlargement process argued that the current indecision on the part of the EU and the lack of leadership on the enlargement question run the risk of “losing” Turkey and might mean that Ukraine slips away from the EU’s orbit. Such observations notwithstanding, it is clear that the EU is not ready to embrace new members in the very near future.



## An arc of crisis: from Iraq to Pakistan

The arc of crisis from Iraq to Pakistan presents a geographical continuity. It is however very heterogeneous ethnically, culturally, religiously and politically.

A crisis is, by definition, the moment when the balance of power tends to shift. The arc of crisis from Iraq to Pakistan is indeed a zone where regional and international powers try to gain influence.

Four priorities can be put forward:

- Understanding the potential and real dangers implied by sectarian strives in the whole region.

- Trying to find international fuel-cycle solutions.  
- Setting up a regional security structure for the Persian Gulf region. The model for such a structure cannot be the OSCE. It would rather be something like the Balkan stability pact.

- Stabilizing Afghanistan. The Western objectives should not be too high.

To conclude, it is worth insisting on a principle for action: the arc of crisis from Iraq to Pakistan cannot be stabilized without the involvement of regional powers.





## Which governance for which stability?

The United States were the epicenter of the international order. But this “unipolar moment” was shattered by terrorism. The world today is going through a new transition and is perceived as very unstable. The instability has recently become worrying and possible new catastrophes are looming, such as an all-out civil war in Pakistan and the region. Still, it is not fair to say that the world is in a pre-war situation similar to 1914. There is indeed a radical difference: nuclear weapons are with us and they may keep the world from going to war as they have done since 1945. Another difference is that there are now many fora for discussion.

More generally, people today are connected and well-informed. The world is integrated and everyone knows that we must share resources, for instance. Governance at home is the primary factor of world stability. The base is for all countries to accept different religions and languages as well as to respect human dignity. It will prove difficult in many cases (Yugoslavia for instance).

Differences of perspectives are strong and widening in the world. The issue of terrorism for instance is viewed differently in Europe and in Asia. This fact must be kept in mind when we set about restoring a world order.



## The economy of knowledge, or education, still deserves an effort

Knowledge has become today a key to competitiveness. The last Shanghai ranking of universities states that the best performing country within the European Union is Sweden, but, again, one has to be careful, since the ranking is based on the best performing universities, equivalent to the MIT, which, as for the MIT, is not representative for the state of education in the US as a whole.

Migration of skilled people has to be a priority for the EU: there is many competent people beleaguering the EU, but obstacles are too important, and they cannot get in.

The Lisbon Strategy did not really lead very far. Also enterprises in Europe remain reluctant with respect to new technologies, they do not use them enough. One important idea is to reduce significantly the number of universities: Russia has today some 1 800, it wants to reduce them. Enterprises are setting up their own competing corporate universities. Modern education becomes a part of world economy and more and more a marketable good.





## Credit crisis, financial crisis, economic crisis: what to do?

The present crisis is the most serious since 1929.

The causes of the crisis are multiple: deregulation and increasing sophistication of financial instruments, particularly of derivatives securities, with the use of lever effects; proliferation of the numbers of traders exerting their activity with no regulation and not reporting the nature or results of their transactions; abundance of cash encouraging high-risk investments.

The financial crisis won't have the same effects than the crash of 1929 on the real economy: there will be a recession, due in part to the lack of funds available to businesses and households, and to the loss of confi-

dence, with unavoidable effects on employment, but not a depression with widespread deflation accompanied by massive falls in prices, in foreign exchange, etc. as happened in the 1930s. Emerging economies could soften the lowering of economic activity in developed countries, in part.

If the depression scenario can be ruled out, it is also thanks to the answer of current economic policies, while after the crash of 1929 the responses were procyclical and orientated toward what seemed in the interests of each individual country.



## Regulation of migrations, a world issue

International migrations accelerated during the two last decades. The increase in the flows of refugees in the world and the expansion of South-South flows are added to South-North migrations. Today, all the parts of the world are concerned by migrations. Migratory flows no longer consist of migrant men only, but also women and, sometimes unaccompanied, minors.

International migrations constitute an essential resource to the economic and social development of the home country. Some of these countries are very dependent on financial transfers from migrants. The distribution of these transfers remains very heterogeneous depending on the home country, but the financial flows increase continuously.

Immigrant workers represent an absolute necessity for advanced economies.

That shows the importance of international migration and the urgent need to find a global political response on the basis of a cooperation between states and dialogue within interstate organisations. The aim must be not the militarization of borders but a common international effort to control and organize international migratory flows according to the needs of all: country of origin, transit country, destination country and also the migrants themselves, the main players in the international migratory process and globalization.





## Is the Gulf becoming an arc of hope?

This workshop was organized around the questions asked to Prince Turki Al Faisal.

The expression “arc of hope” is suggested as a counterpoint to that of “arc of crisis” made up of countries like Iran, Afghanistan and Pakistan.

For Prince Turki Al Faisal, it is legitimate to talk about hope, considering the reforms begun in these countries: elections in Kuwait, political reforms in Bahrain, municipal elections in Saudi Arabia. He specifies that these reforms are carried out without violence although they represent a reconfiguration of the area.

The risks of social explosion can be set aside insofar as the state is generous.

However, foreign populations originating from India or Iran who live in the Gulf countries bear a risk of social explosion. In the smaller Gulf states this population continues to grow.

Saudi Arabia has made reforms these last years, recognizing some rights, revising the constitution in 1993, introducing an advisory council. But Arab states do not claim to be democratising quickly. This country is conscious of the importance of the conservative resistance and notably of the Wahhabi religious *establishment*. It is necessary to progress by steps, taking religious values into account.



## Russia: domestic developments and external policies

The workshop on Russia has displayed two strong different view points.

For some western experts, Russia is “a power or nothing,” this is important to understand Georgia and Chechnya. In other words, in Russia, power and war are linked. It is also important to bear in mind that Russia has considered itself at war since the events of Beslan and the “international war on terror.” In order to understand Russia, the western

world must begin by reassessing itself and addressing two fundamental questions: What does Russia want? What do we expect from Russia?

For Russian experts, first, NATO expansion breeds belligerence. Second, outside the US, nobody has forgotten the concept of balance of power. Hence, if Ukraine joins NATO, Russia will need to build a *real* border between this country and itself. Ukraine into NATO would create the first important arc of instability in Europe.





## China: domestic developments and assertion of power

While the financial crisis is getting worse, the expectations toward China, seen as a new financial power, have considerably increased. Beijing, for its part, seems to be tempted to promote its “counter-model,” as an alternative to the failing American model. However, notwithstanding its claimed ambitions, China still appears a “fragile superpower.” Chinese leaders are conscious of these challenges. An animated debate, often unrecognized in the West, has opened in China. The debate touches even on questions of changes in the political system, of the de-

finition of the concept of democracy, and of the rate of the political reforms, the need of which is recognized at the highest level. The main challenge for Beijing is then to dissolve the feeling of uncertainty and of ambivalence that China continues to prompts among its partners.



## India: a regional and/or a world power

India is today a *global power*, a concept which is a better description of the situation of India than *world power*. Economic success is the key driver of the new perception of India, a new perception not only from the other powers, but also, and maybe more importantly, from itself. India is a nation confident in its future. India will move from being a non-aligned country to a “multialigned” country. India could become the bridge between the USA and the traditional non-aligned countries but India will not become an exclusive ally of the USA. In spite of nuances in the position of political parties, there is a large agreement on the preservation of the fully independent status of India. India is now a post-post colonial country. It has overcome the

traumas of its colonial past and the Nehruvian obsession of independence. It believes that globalisation is a real opportunity which should be seized with pragmatism. India should be able to go through the present financial crisis without too many damages. It has ample foreign exchange reserves, most of its banking sector is still under state control and its external trade is still a relatively small percentage of its GDP. On a longer term, its growing saving rate, its demographic advantage should ensure a continuation of its growth, maybe at a slower path. Much will depend on the capacity to reform of the next government.





## Sub-Saharan Africa: implosion or take off?

The economies of the countries of Sub-Saharan Africa are still far from the economic “take off.” With the exception of two or three countries in this region, industry remains a relatively marginal sector of the African economies.

There is unquestionably an improvement in governance, even if many states are still far from international standards.

Dynamics currently at work on the continent show that another Africa is emerging. Investment funds are beginning to show interest in the countries

of south of Sahara. For the first time, African capital which is usually almost exclusively invested or “placed” outside the zone, is being invested inside.

In the next four decades, the African societies will change dramatically, great human migrations can be predicted, African people will become predominantly urban.

All these evolutions will be challenges for the political framework of African societies. It will only be possible to handle them if African states reconstruct themselves appropriately.



## Israel/Palestine, a crucial international issue: what commitments for external actors?

The first and most decisive fundamental of the Israel/Palestine conflict is the vast discrepancy of power and influence that defines the Israeli and Palestinian relationship. It is rare for a country with the overwhelming military, diplomatic and economic advantages over its enemy enjoyed by Israel to yield to demands of a near-impotent adversary without a third-party restoring some balance between the two. The only outside power capable of restoring that balance is the US, because its support and friendship for Israel are unquestioned by Israelis, and are understood by all factions in Israel to be the country’s most important security asset by far.

Without a determined American insistence that Israel end its occupation and negotiate a peace accord that approximates the international consensus

without further delays, no amount of tinkering with negotiating mechanisms or reformulations of permanent status issues, and no amount of “CBMs” –confidence-building measures– will change the forty-year dynamic of the conflict that has resulted in so extensive an expansion of Israel’s population into Palestinian territories as to clearly preclude a two-state solution.

A renunciation of violence by Palestinian factions is not sustainable if there is no effective and empowered third-party mechanism that adjudicates violations on both sides.





## Energy and climate: what diplomatic challenges?

An approach with the unique goal of reducing carbon emissions and without strategies for developing clean technologies is destined for failure. The question of technology maturity is crucial. A new agreement should include numerous measures that go beyond the current limits of the Kyoto Protocol, and it will inevitably be multi-faceted.

A world without carbon limits is not an option. The Kyoto Protocol is the only international framework that links developing countries to

emission reductions and the first binding regime. Participating parties have one year from now to reinterpret its design and to begin differentiated actions that will facilitate broader integration, in particular the US, but also the large emerging states and developing countries, while developing synergies between the environment and economic development.

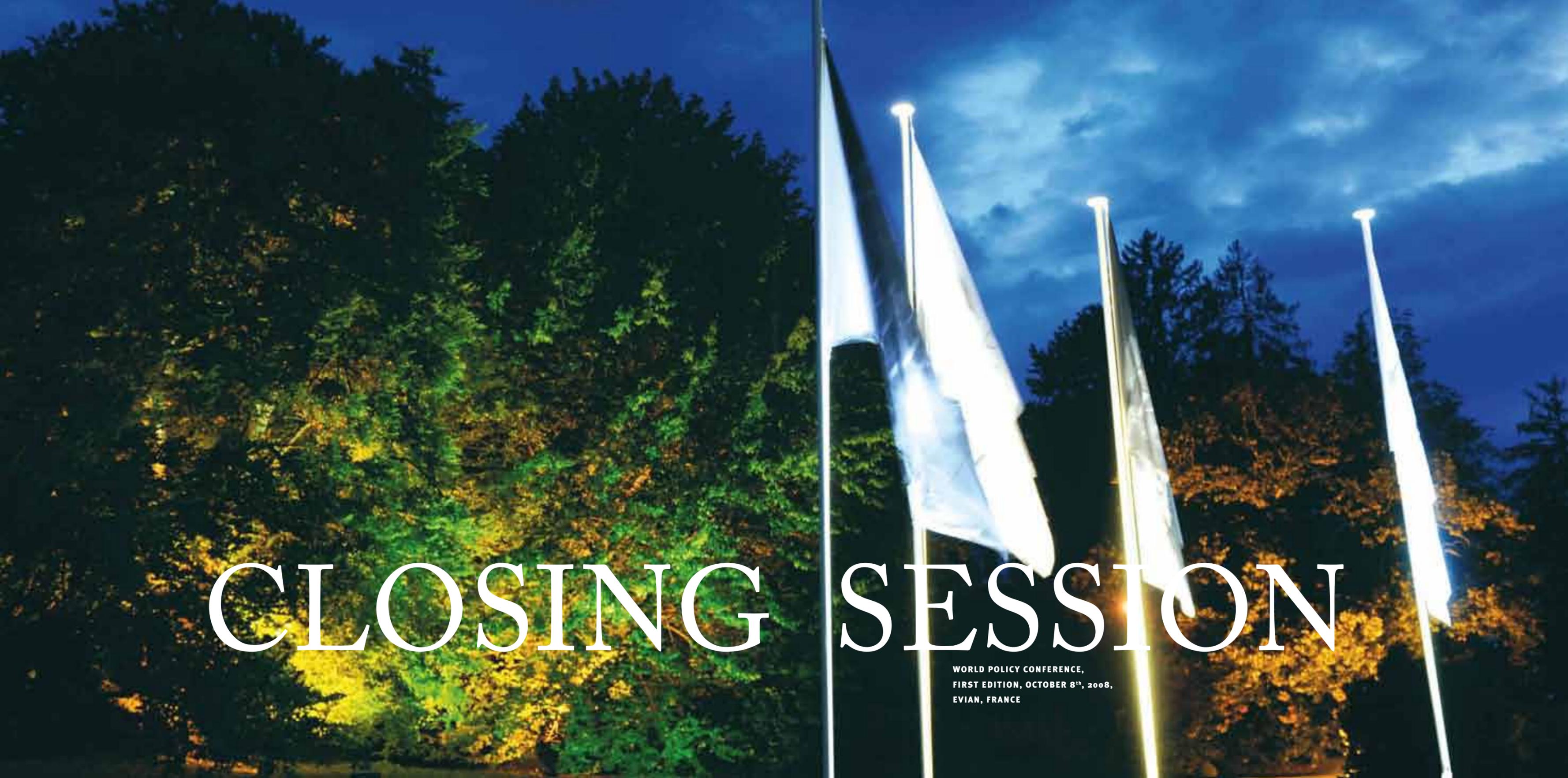


## World food crisis

The first step is to adopt long term strategy of strengthening the world agriculture. Agriculture is a crucial issue, it has to be preserved and supported as an important sector in all countries and societies. This is a requirement for production, but also for employment and livelihoods. Local solutions have to be promoted but global solutions have to be developed to restructure global markets (should be discussed for example subsidies issue, stocks systems, market chains, the capacity and opportunity to regulate world food prices).

Hunger is a health issue, and has to be recognized as such. Solutions also are medical, especially regarding the fight against children malnutrition. At the national levels, we should support civil societies mobilizations to fight hunger by forcing governments to take action, as each country has also a role to play to contribute, at its own level, to the fight against hunger.



The image features four white flags on tall poles, set against a twilight sky with soft clouds. The background is filled with trees, some with vibrant autumn foliage in shades of yellow and orange, and others in deep green. The overall mood is serene and formal.

# CLOSING SESSION

WORLD POLICY CONFERENCE,  
FIRST EDITION, OCTOBER 8<sup>th</sup>, 2008,  
EVIAN, FRANCE



SPEECH\* BY

# Dmitry Medvedev

PRESIDENT OF THE FEDERATION OF RUSSIA

“I am convinced that people seek peace and harmony. They want to cooperate, do business and exchange cultural and educational achievements. They want to meet and communicate as friends and neighbours. And I have no doubt that these humanitarian factors will yet manifest themselves in a meaningful and robust way; (...)

People should be studying the new Russia and not reviving Soviet phantoms. (...)

Force divorced from law unavoidably breeds unpredictability and chaos when everyone starts fighting each other, as happened in Iraq. (...)

The Euro-Atlantic vision today needs a positive agenda. The events in the Caucasus have only confirmed how absolutely right the concept of a new European security treaty is today. It would give us every possibility of building an integrated and solid system of comprehensive security.

This system should be equal for all states –without isolating anyone and without zones with different levels of security. It should consolidate the Euro-Atlantic region as a whole on the basis of uniform rules of the game. And it should ensure in stable and legally binding form our common security guarantees for many years to come.”

\*See full version page 65

SPEECH\* BY

# Nicolas Sarkozy

PRESIDENT OF THE FRENCH REPUBLIC

“Let’s be open about this, and President Medvedev and I know each other well enough to speak frankly: the relationship between Russia and the European Union has just been very sorely tested. (...)

Between us, then, we must rebuild trust, the prerequisite for reviving an ambitious European-Russian partnership. (...)

Why not re-examine from every angle all groups, institutions and countries concerned, everything concerning security on our continent? (...)

We could certainly do it within the framework of the OSCE, the only forum that brings together all actors in pan-European security on an equal footing. I propose that a special OSCE summit be convened for this purpose before the end of 2009 (...).

Finally, I say to Dmitry –but is it necessary to spell it out?– our American friends and allies must be involved in this dialogue that we are ready to enter into.”

\*See full version page 68





SPEECH\* BY

# Thierry de Montbrial

PRESIDENT AND FOUNDER

“My conviction is that we have now fully entered the 21st century and we are witnessing the end of unipolarity. This means that we will have to discover, not without a bit of pain, how diverse our world is. Many actors of what we call the South (...) are concerned by the concept of universal values such as human rights and democracy. (...) What they do not accept, what they reject is Western powers trying to impose their specific modes of government in the name of universal values, without taking into consideration the histories and backgrounds of the majority of the peoples of the world.

(...) we have a lot to learn from certain aspects of governance in some traditional societies.

(...) current world trends are, unfortunately, not all necessarily moving towards the expansion of democracy.

(...) global governance cannot be efficient unless it is built on mutual respect among peoples of the world who, for whatever reasons, the cold war or previously colonialism, did not really listen to each other.

(...) we have to make sure that the future global governance is a win-win solution for all. (...) indeed smaller countries have a key role to play as well. This will only be possible if all the players of the world show the will to promote cooperation and dialogue.

(...) the future rules of this new form of governance must be as inclusive as possible.

(...) In designing the architecture of future global governance, we must pay much more attention than in the past to regional structures and to the links between the regional and the global levels.

(...) we will pursue this endeavour. This is the first of the WPC, but let me assure you that there will be a second one, a third one and fourth one, etc.”



# WORLD LEADERS & EXPERTS



# World Leaders and Experts

## HEADS OF STATE OR GOVERNMENT, SENIOR STATESMEN AND SENIOR GOVERNMENT OFFICIALS

**His Royal Highness Prince Turki Al Faisal**  
Kingdom of Saudi Arabia

**Mr. Pascal Couchepin**  
President of the Swiss Confederation

**Mr. Nambaryn Enkhbayar**  
President of Mongolia

**Mr. Amine Gemayel**  
Former President of the Lebanese Republic

**Mr. Juan Manuel Gomez-Robledo**  
Representative of President of the United Mexican States

**Mr. Jaap de Hoop Scheffer**  
Secretary-General of NATO

**Mr. Toomas Hendrik Ilves**  
President of the Republic of Estonia

**Mr. Pascal Lamy**  
Director-General of the World Trade Organization

**Mr. Christophe de Margerie**  
General director of Total

**Mr. Dmitry Medvedev**  
President of the Federation of Russia

**Mr. Stepan Mesic**  
President of Croatia

**Mr. Raila Amolo Odinga**  
Prime minister of the Republic of Kenya

**Mr. James Orenge**  
MP, Minister for Lands of the Republic of Kenya

**Mr. Hans Gert Pöttering**  
President of the European Parliament

**Mr. SaKong Il**  
Personal Representative of President of Republic of Korea

**Mr. Nicolas Sarkozy**  
President of the French Republic

**Mr. Boris Tadic**  
President of the Republic of Serbia

**Mr. Jean-Claude Trichet**  
President of the European Central Bank

**Mr. Abdoulaye Wade**  
President of the Republic of Senegal

**Mr. Arseni Yatseniuk**  
President of the Ukrainian Parliament

## EXPERTS

**Shlomo Avineri**  
Israeli political scientist. Professor of Political Science at the Hebrew University of Jerusalem and Recurring Visiting Professor at the European University in Budapest. He served as Director-General of Ministry of Foreign Affairs, and was Visiting Professor in various universities. Prize: Tense Award for the Study of Zionism and the Israel Prize, the country's highest civilian decoration.

**K. Shankar Bajpai**  
Indian civil servant and diplomat. Chairman of India's National Security Board and Chairman of the Delhi Policy Group, an independent think tank. He is the former Indian Ambassador to Pakistan, China and the United States and the former Secretary to the Government of India. From 1995 to 2000 he was a Senior International Advisor at Merrill Lynch in New York.

**Thomas Becker**  
Danish politician. Deputy Permanent Secretary in the department of International Policy and Climate Change in the Danish Ministry of Climate and Energy. He is leading official appointed by the Danish Government for the preparations of the COP 15 in Copenhagen 2009. He is EU's Lead Negotiator for the post 2012 negotiations. He has previously worked as OECD energy consultant in Paris.

**Mohammed Bedjaoui**  
Algerian diplomat, jurist and politician. Senior Minister for Foreign Affairs of Algeria; President of the Constitutional Council of Algeria; Judge and President of the International Court of Justice; Ambassador of Algeria to United Nations New York; Ambassador to France and to UNESCO; Minister of Justice, Keeper of the Seals; Secretary General of the Government.

**Brahma Chellaney**  
Indian specialist on international security and arm control issues. Professor of Strategic Studies at the New Delhi-based Centre for Policy Research, a private think-tank. He was a Member of the Policy Advisory Group headed by the Foreign Minister of India, and an adviser to National Security Council, as convener of the External Security Group and member of the Nuclear Doctrine Group.

**Bertrand Collomb**  
French industrialist. Honorary Chairman of Lafarge. Chairman of IFRI. After working for the French government, he joined Lafarge in 1975, became Chairman and CEO in 1989, and was Chairman from 2003 until 2007. Member of the Académie des Sciences Morales et Politiques of the Institut de France, and Chairman of IHEST. Member of the European Corporate Governance Forum and of the International Accounting Standards Foundation.

**François Danel**  
French relief worker. Executive Director of ACF (Action contre la Faim, "Action against Hunger"), an international NGO. In ACF, he has been Financial Director, then member of the organization's Board of Trustees, then Vice President, and lastly, Deputy Executive Director at the Executive Board. He held from the position of Financial Director of UCPA and of General Secretary of IFAS.

**Kemal Dervis**  
Turkish economist and politician. He is Head of the United Nations Development Programme. He was a member of the Turkish Parliament and Minister for Economic Affairs and the Treasury. He held various positions at the World Bank, including Vice-President for the Middle East and North Africa and Vice-President for Poverty Reduction and Economic Management.

**Marie-Christine Dupuis-Danon**  
Specialist of criminal finance. Independent Consultant and Director of C3COM, a consultancy firm addressing non-military threats. She has worked as an investment banker before joining the United Nations Office on Drug and Crime. She also teaches criminal finance at the Research Department on Contemporary Criminal Threats (Institute of Criminology – Paris-II).

**Michel Foucher**  
French geographer and diplomat. Since 2007, he has been a member of the Council on Foreign Affairs. Professor at the ENS, Paris, the IEP, Paris, and the ENA. Member of the scientific board of the Robert Schuman Foundation. He was Advisor to the Cabinet of the Minister of Foreign Affairs, Director of the Centre of Analysis at the Ministry of Foreign Affairs and Ambassador to Latvia.

**Hervé Gaymard**  
French politician. Member of the Parliament, France, and president of the regional council of Savoy. Former minister in several governments (economy and finance, agriculture, public health and social security). He occupied numerous functions within the High French Administration. Graduated from the Institut d'Etudes Politiques de Paris (Sciences Po) and the ENA (1986).

**Robert Glasser**  
Australian relief worker. Secretary General of CARE International, one of the world's largest humanitarian NGOs, with over 15,000 employees operating in over 60 countries. He was previously Chief Executive of CARE Australia, Assistant Director General of the Australian Agency for International Development (AusAID), and a Research Fellow at the University of California.

**Marshall Goldman**  
Expert on the economy of the former Soviet Union. Professor of Russian Economics, Emeritus at Wellesley College. Senior Scholar at the Davis Centre for Russian Studies at Harvard University where he was the Associate Director. He has been a consultant to the State Department, the Environmental Protection Agency, the Council on Environmental Quality and numerous corporations.

**Jean-Marie Guéhenno**  
French diplomat. Member of the United Nations' Secretary-Generals Advisory Board on disarmament matters and high-ranking adviser at the French Audit Office. Former Under Secretary-General for Peace-keeping Operations at the UN. High functions at the French Ministry of Foreign Affairs and at the French Embassy in the US. Ambassador to the Western European Union.

**Han Sung-Joo**  
South Korean scholar and politician. Chairman of the ASAN Institute for Policy Studies and of the Seoul Forum for International Affairs. Former President of Korea University. He was Minister of Foreign Affairs, UN Secretary-General's Representative for Cyprus, member of the UN Inquiry Commission on the Rwanda Genocide, and Ambassador of the Republic of Korea to the United States.

**Jim Hoagland**  
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#### Thierry de Montbrial

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He has been a columnist at *Le Monde* since 2002. He serves on the board or advisory board of a number of international institutions.

He was the first Chairman of the Foundation for Strategic Research (1993-2001). Entrusted with the creation of the Policy Planning Staff (Centre d’Analyse et de Prévision) at the French Ministry of Foreign Affairs, Thierry de Montbrial was its first director (1973-1979). He chaired the Department of Economics at the Ecole Polytechnique from 1974 to 1992.

He has authored numerous books on international affairs.



# OPENING & CLOSING SPEECHES

FULL VERSIONS

## LETTER BY

## FRANÇOIS FILLON

The French Institute of International Relations has demonstrated remarkable foresight by launching, with the World Policy Conference, new type of dialogue, centered on the question of international governance at the highest level. In autumn 2008, it is obvious that we are facing one of the major challenges of this new century.

This year has been marked by a triple crisis –food, energy, and above all, financial crisis– which is weakening the expansion of developing countries, threatening the global fight against poverty, and introducing doubt about the future of the tremendous economic growth of emerging countries.

To cope with the situation: an international system fragmented into dozens of intergovernmental organizations, a multitude of non-governmental actors and, in the straightforward expression of Thierry de Montbrial, the general feeling that “there is nobody at the helm.”

France, along with others, has not given up, and is steadily striving to contribute to the elaboration of a solution.

The priority for us is to better associate emerging countries with the management of this complex world, in exchange for greater responsibility from them. President Nicolas Sarkozy keeps saying what should be obvious for everyone: the reform of the Security Council must be urgently re-launched. We have to gradually move from a G8 to a G14. After the IMF quota reform, we need a larger representation of developing countries inside the World Bank; in reality, we need to reformulate the Bretton Woods system.

But beyond institutional reforms, states must regain a central role in orientation and initiative. They can achieve this if political willingness is present.

In the struggle for the climate, the European Union has made a first move by declaring the reduction of

greenhouse gases as one of its ambitious objectives. France has launched the large program of “Grenelle de l’environnement.” And it is the European “climate-energy” package that we want to successfully implement under our presidency, in order to set the tone for international negotiations.

Facing the global food crisis, the French proposal to establish “a global partnership for agriculture and food” has been accepted by the G8.

Lastly and above all, to surmount the international financial crisis, the French President has proposed a summit meeting of the Heads of State before the end of the year. The main countries concerned, those of the G8 and the major emerging countries should take part in it. This summit is required to define a better regulation for financial activities, to ensure effective control of rating agencies and to deal with excessive salaries, the transparency of transactions, accounting and solvency standards, the coordination of governments, central banks and regulators, and of course –we always come back to the governance– the role of the international financial institutions. Europe contributes to this thinking. This will be one of the main themes of the European Council to be held the 15-16th of October.

I am very happy and proud of the birth, in France, of this new forum which will no doubt become an important date in the diplomatic agenda. There could not be a better organizer than Ifri.

I wish you all fruitful work, audacious ideas and, above all, concrete propositions. We are open to your suggestions.

*(non official translation)*

## OPENING SPEECH BY

## THIERRY DE MONTBRIAL

Presidents, Prime Minister, Secretary General, Your Royal Highness, Ladies and Gentlemen, I am happy and proud to open this first edition of the World Policy Conference (WPC).

I would like to present to you its aims, and would also like to briefly advance some thoughts about the international situation that should be useful for our efforts. Let me first say a few words about the origin of this WPC, World Policy Conference. We at Ifri took the decision to hold it about a year ago on the basis of the four following points:

First point, the acceleration of history. It is commonplace. The acceleration of history has mainly resulted from the most important revolution of information technologies that we have seen in the history of humanity and will continue in the upcoming years. Thus, for the first time in the course of humanity, truly global issues like climate change –that we actually still don’t know how to deal with– have emerged. And there will be many other such issues.

Second point: the conviction that the “end of history,” as proposed by the famous expression of Francis Fukuyama was an illusion. An illusion in the political aspect i.e. the naive idea that the Western type of democracy would spread throughout the whole world. An illusion also in the economic order. It was the belief, not so long ago, you will remember, the belief in the abolition of economic cycles, the emergence of nearly perfect and almost transparent markets: “intelligent” markets. To this, we have to add the even more extravagant idea that the markets were going to solve all the problems of humanity, including, why not, the Israeli-Palestinian issue! Presently, we are experiencing the collapse of this ideology of the end of history that I could summarize in the manner of a chemical equation: (democracy + market economy) give (peace + prosperity). We have lived in this naivety far too long. It is over.



Third point: we need states. States are important, simply because, by definition, they represent collective interests. Not only do we need states, but we also need cooperation between states. We need it even more now because of the acceleration of history. To our misfortune, among all human organizations, states are the ones that find it most difficult to reform themselves. They do it far too slowly.

Thus, today we are in a contradictory situation that brings me to the fourth point: the necessity for remodeled states and for a both flexible and reinforced cooperation between states in a world and an environment that are changing faster and faster, and all this knowing that states have the greatest difficulties reforming themselves.

This is where the concept of the World Policy Conference comes from, with also four very simple ideas. The first one is included in the key word “policy.” “Policy” is a difficult word for French people because in French, “politics” and “policy” are translated as “politique.” “Policy” refers to practical politics and therefore to action. What we want is to contribute to the emergence of solutions. Secondly, the aim of the World Policy Conference is to establish a diagnosis of the state of the world, and to understand where it is going. So, this diagnosis aspect is required to constitute the therapy aspect, it is if you like in medical terms, a prescription to cure dysfunction. Third feature, the method. In order to do something constructive, we want, under appropriate modalities, to gather together leaders of the planet, i.e. personalities who really exercise responsibilities. There is a rather large number of leaders who are attending this first edition of the World Policy Conference. And I thank them for their trust, because taking part in the first edition of such an event is always a leap into the unknown. Around these leaders, we want to gather other actors of collective life: from the economical world, firms, the intellectual world, and non-government organizations, etc. It is from the interaction between all these different types of actors that solutions can emerge.

And finally, this conference will meet yearly. And between each meeting, we will keep working on the

ideas that come up and to try to embody them and to get them to the action field. Now, I would like to say a few words about what happened since Ifri launched this initiative. The world has entered a period of turbulence, or the turbulence has increased rather considerably. Allow me to say a few words about this. First, there has been the tremendous aggravation of the financial crisis which began with the subprime crisis. In one year, we have witnessed the successive destruction of several floors of the pyramid of financial instruments. In a way, we have gone from storm to tempest. Today, we must ask whether we are heading towards a real tsunami. This very morning, there was no good news on the Asian financial markets. During the last months, we have witnessed, if I may say, the end of a reign of opacity in financial mathematics, an era which, paradoxically, has been celebrated for its “transparency.” And we have witnessed the end of the ideology of deregulation and of the lax monetary policy of Greenspan, which for a long time was considered brilliant.

The worst part is that following the example of the twin tower disaster of New York –as we cannot help comparing the present events to the image of the twin tower of New York– we are glimpsing the spectra of a collapse of the whole financial pyramid. In a country like France, we are too timid to say the word “recession.” But what about the word “depression” which is much more intimidating, and describes the experience of the 1930s. Today we cannot help thinking

Facing the situation today, we first have to act right now, and then on a longer time scale. Right now we have to calm the tempest. We have to calm the tempest, without compromising the future. That is the issue that Heads of State and Government, as well as monetary and financial authorities, must face. For instance, after the collapse of the twin tower of New York, September 11, 2001, the Fed, under the presidency of Alan Greenspan, chose a method which averted the immediate threats. However, this method probably leads to the creation of the difficulties we are going through today. Thus, today, we must look for solutions that will allow us to overcome the immediate crisis,

and not simply postpone the difficulties. I have just talked about September 11, 2001 and the economic reactions at that time. But if we consider the debate which took place last Saturday with the G4, “the European G8,” we realize that questions are being raised, for instance relating to the potential reconsideration of the Maastricht criteria. These are the concerns of Jean-Claude Trichet and Jean-Claude Juncker, who should be with us tomorrow and the day after.

Thus governments and central banks have to hammer out immediate solutions to calm the tempest. Are they going to succeed? It is possible. I want to believe it. But this is an act of faith, because talking to you now, it is not a certainty. And subsequently, we will have to devise new rules for the game, avoiding swings from one extreme to the other, because there is the risk to go from an extreme liberalism or a sort of extreme liberalism –called in French “laissez-faire-laissez-passer”– towards the opposite extremity by a classic pendulum movement and yield to the temptation of protectionism –I think that Pascal Lamy will tell us about that tonight– or to the temptation of state dirigisme. So, we have to build, define the rules of game that avoid these two extremes.

The elaboration of a global capitalist system that is both efficient and fair is at stake. And let me insist on both words “efficient” and “fair,” because a re-founded capitalist system that is not fair would be on a road to ruin, including inequalities both between countries and within each country. In fact this is the matter of the creation of a new organized and social form of liberalism fitting the new realities of the 21st century. All this, Ladies and Gentlemen, will not be achieved overnight. It will take time. For this reason, the World Policy Conference has a future ahead of it. It would be very naive for instance, to imagine that a single international conference would be sufficient to rebuild a new international economic system, or even a new monetary system.

Now, I would like to quickly mention an issue that is essential in my opinion, and has been illustrated in the history of the 20th century, that is, the link between economics and politics. Unlike the dream of

the end of history, I believe that economics and politics, whether one likes it or not, are inseparable. What happened in the 1930s? In the 1930s, we observed the concurrence of two phenomena: a political one, the “bad treaties”—as coined by the historian Jacques Bainville—which settled the First World War, combined with the drawbacks of the political economics which led to the Great Depression. The combination of these two related trends led to the rise of Nazism and Fascisms, and finally to the horrors and carnage of the Second World War. All this might have never happened. But one must be aware of the fact that tragedies, under various forms, can reoccur. If we are not able nowadays to go straight, if I may say so, from 1929 to 1945, that is to say to go straight from crisis to reconstruction, we might face again misfortune. We must always have in mind that history is tragic. But despite the September 11 2001, Europe and the United States have forgotten it because we are living comfortably, both in terms of security and economics, in a way unprecedented in history. As a consequence, we are in danger, simply because we have forgotten the inherent risks of humanity.

The fragility of the world, in its political aspect, is typically illustrated by the rising tensions in the relations between the Western World and Russia, these last few years. When we think about it, how can we not be sensitive to the incoherence of our collective actions? I would like to give you some quick examples. First example, the contradiction between the right of self-determination of peoples and the intangibility of the frontiers. Since 1989-1991, we have constantly fluctuated between these two principles which obviously conflict. Let me tell you what I think: the way we treated the question of Kosovo does not help us to criticize the application of the self-determination principle in the provinces of South Ossetia or Abkhazia. If we go on hesitating like that, how can we imagine the future of a continent like Africa? Imagine the reconsideration of the frontiers inside Africa, on the basis of the nationality principle or of the right of self-determination. Imagine the results.

Another example which we absolutely must think about—and here again I am telling you what I think,

speaking only for myself—is the extension of alliances. Of course I am referring to NATO. How can we manage the extension of alliances, without taking into account the interests of all the actors concerned by such an extension? By analogy I also think about the Iranian crisis. How can we bring any form of peace and stability in the Middle East if Iran is not recognized for what it is, i.e. a major actor of the region? We must face these realities.

To come back to Europe, in the course of the last two centuries, Europe experienced two long periods of peace when it was organized around clear enough principles accompanied by rules of the game. That was the case after the Vienna Congress of 1815, and it was respected roughly until the years preceding the Franco-Prussian War. And the other one paradoxically is the Cold War, after the Helsinki agreements of 1975-76. I believe that, from this point of view, we must seriously consider the propositions of President Medvedev who will be with us the day after tomorrow. I am thinking about the propositions he made in Berlin to consider new rules of the game on the European continent.

To emphasize the importance of the relationship between economics and politics, I would like to suggest that you, that we think about the possible consequences on political relations of a major deterioration of the economic situation. I just hinted at relations with Russia, with the energy aspect in particular, but now consider China. Imagine for an instant that the present crisis produces a breakdown in China's economic growth. The legitimacy of the Chinese Communist Party—for which “communist” now is only a word—is entirely based on economic growth, and the prospects for the people of the continuation of this growth. Imagine the political consequences of a fall in China's growth both in China and around China, let alone the effects of such a break on the rest of the world which in turn might accelerate all the dysfunctions I have been talking about.

I come to my conclusion. First, the 20th century has been short but dense. I think that contemporary essayists and historians who say that the 20th century

began in 1919 and ended in 1989, are right. I believe, Ladies and Gentlemen, that the 21st century begins in 2008. We have had a twenty-year transition. And the financial and perhaps economic crisis which we are now in may remain for the historians of tomorrow the starting point of the 21st century. In the foreseeable future, for at least the next 15 or 20 years, the world will be multipolar, heterogeneous and global. These are not empty words. They are, I believe, realities. *Multipolar* means that some sort of balance of power between several “poles” will have to be found. *Heterogenous* means that there will be no ideological consensus among those poles. This is a fact what we have to learn to live with. *Global*, because the main features of enhanced interdependence, a characteristic of globalization are likely to survive. Thus, we have to elaborate new rules of the game, economic and political ones, accompanied by “confidence building measures,” as we used to say during the Cold War. I emphasize once more the interdependence between politics and economics. These new rules will have to be adapted to the new realities, less ideological than those we have become accustomed since the fall of the Soviet Union. The work of rebuilding ahead of us is tremendous. It will not be achieved overnight. However, the credibility of the work of rebuilding must become apparent rapidly, because if it does not, we might experience diabolic sequences of events, such as those of the 1930s which I referred to previously.

Presidents, Prime Minister, Secretary General, Your Royal Highness, the first edition of the World Policy conference starting today is entrusted with a task which is ambitious and modest at the same time: to contribute usefully to this rebuilding of the world.

Thank you for your presence and attention.



## SPEECH BY

## DMITRY MEDVEDEV

Ladies and Gentlemen,

I appreciate this invitation to address the first World Policy Conference and I would like to start by commending the foresight of France. Distinguished Thierry de Montbrial, when contemplating almost a year ago this truly vital conference, must have known that it would coincide with the most acute phase of the world financial crisis in these October days.

For two days already now the discussions here, in La Grange au Lac, have examined the dangerous challenges facing the modern world. The goal is to work out common responses to these challenges. Even this hall with its Russian birch trees and Savoy decoration reminds us of the interdependence and unity of the world, and of the harmony and compatibility of various traditions and cultures on our common European continent.

Now, let me share with you my views on recent developments in the world and on ways to resolve the existing problems. I would like to address three issues: ways to overcome the current economic crisis; the situation in the Caucasus; and I would like to say a few words on convening a new conference on security.

The issues under discussion show that the world has reached a critically important, transition stage of its development. Recent events in the Caucasus have demonstrated that it is impossible to appease or contain an aggressor based on bloc approaches. If irresponsible, adventurous actions by the ruling regime of a small country (Georgia in this particular case) are capable of destabilizing the situation in the world, is this not proof that the international security system based on unipolarity no longer works?

It is also evident that economic egoism is also a consequence of the unipolar vision of the world and of the desire to be its megaregulator. It is a dead-end policy in terms of global economic development, and I will

return to that later. But first I would like to comment on what led to the build-up of conflict potential in the security area.

I think that the origins of the current situation can be found in the events that took place seven years ago. It was then that the world missed its historic chance, the chance to de-ideologize international politics and create a genuinely democratic world order. It let slip this chance because of the United States' desire to consolidate its global rule.

You will recall that in the aftermath of September 11, 2001 Russia and many other states did not hesitate to show our solidarity with the United States. We did this not only for the sake of combating terrorism (this was only natural), but also for the sake of overcoming the divisions the Cold War had created in the world.

However, after the overthrow of the Taliban regime in Afghanistan, the United States started a chapter of unilateral actions which not coordinated with the United Nations or even with a number of the United States' partners. It is enough to mention the decision to withdraw from the ABM Treaty and the invasion of Iraq.

The result was a trend of growing divisions in international relations. This was manifested in the unilateral proclamation of Kosovo's independence and in the de facto revival of the policy of deterrence so popular in the 20th century.

Military bases have been established along our borders. The third ABM deployment area is being created in the territory of the Czech Republic and Poland. Yes, the number of antiballistic missiles will be limited, but what are they for, why are they deployed? And, again, what prevented the United States from consulting first with its allies?

Of course, none of these countries in themselves are any threat to Russia. But when a decision is taken in this way, without consultations, including with its partners in NATO and the EU, that is to say, without consultations within Europe, we cannot but have the

impression that tomorrow could bring yet further decisions to deploy yet more missile defence systems. With this kind of unipolar decision-making process, there are no guarantees against this happening, no guarantees for the Russian Federation, in any case.

The Warsaw Treaty Organization ceased to exist twenty years ago, but to our regret at least, NATO's expansion continues full steam ahead. Today, NATO is actively discussing the admission of Georgia and Ukraine. What's more, it sees the issue in battle terms: admitting these countries would be victory over Russia, while keeping them out would be tantamount to capitulation.

But the real issue is that NATO is bringing its military infrastructure right up to our borders and is drawing new dividing lines in Europe, this time along our western and southern frontiers. No matter what we are told, it is only natural that we should see this as action directed against us. But the moment we try to point out that this is objectively contrary to Russia's national security interests everyone starts getting nervous. How else are we to interpret this behaviour?

I would like to make the logic of our behavior as clear as possible. We are in no way interested in confrontation. Russia's successful development depends on transparent and equal international relations. They are also the best guarantee of stability in the world.

I would like to emphasize that we are open to cooperation. And we intend to cooperate responsibly and pragmatically. The events of the last two months contain much tragedy but they are at the same time an example of pragmatic cooperation between Russia and the European Union. When Russia, Europe and the entire world found themselves confronted with crisis in the Caucasus, we managed to act in a proactive and coordinated manner with a sense of responsibility for our common European future. I particularly note in this respect French President Nicolas Sarkozy's bold and responsible action.

I am convinced that people seek peace and harmony. They want to cooperate, do business and exchange cultural and educational achievements. They want to

meet and communicate as friends and neighbours. And I have no doubt that these humanitarian factors will yet manifest themselves in a meaningful and robust way.

In this context, I think it is vital that we at the very least all calm down and abandon the rhetoric of confrontation, which, as we know, sooner or later takes on a life of its own.

We all know full well that we have already been through this kind of exchange of courtesies many times in the past. We thought everyone had learned its pointlessness by now. Most important, what does it give us as a real solution to the crisis? This is all has-beens. Sovietology is has-been, but sovietology, like paranoia, is a dangerous disease. And it is a pity that part of the U.S. Administration still suffers from it.

People should be studying the new Russia and not reviving Soviet phantoms.

But I am sure that a “new Fulton” and a new edition of the Cold War are not on the agenda, no matter how deep these notions remain stuck in the minds of some politicians.

The past two months have shown us clearly who is ready to help Russia in a crisis, who is our real friend and who is not. But we think nothing fatal or irreversible has happened. And let us be frank: the current situation represents an acute phase of the continuing crisis of the entire Euro-Atlantic policy brought about by the “unipolar syndrome.” We need now to find a way out of this crisis. We have to find a way out together.

Ladies and Gentlemen,

Taking into account what has been said, I will share with you my vision of the principles of selforganization in a just and multipolar world. There is no doubt that it should be based on collective foundations and the rule of international law.

Force divorced from law unavoidably breeds unpredictability and chaos when everyone starts fighting

each other, as happened in Iraq. Any selective application of the basic provisions of international law undermines international legality. But legality cannot be “selective:” either it does exist or it does not.

I think that all countries, large and small, must resolutely abandon war as an instrument of policy. If we recognize that international relations is an accommodation of interests of equal and sovereign states, any attempt to dominate and achieve one’s own goals at the expense of others would have to be seen as amoral. It is also inadmissible to impose on other states one’s national laws or the decisions of one’s national courts.

In this respect, I want to emphasize the importance of maintaining the central and coordinating role of the United Nations as the most plenipotentiary international organization. It is more important now than ever to strengthen and uphold its international and legal authority.

Now a few words about the nature and first lessons of the economic crisis. It was brought about by the economic egoism of a number of countries. This is something I first spoke about in June at the International Economic Forum in Saint-Petersburg. As we see, today this crisis threatens to undermine the stability of the entire world’s development.

Our experts kept warning about the increasing negative trends on commodity and food markets and in the financial system. And we openly shared our assessments of these future threats at international forums, including at the recent G8 summit in Japan. What should be done?

First, I believe that in these new conditions, we need to streamline and systematize both national and international regulatory institutions.

Second, we need to get rid of the serious imbalance between the amount of issued financial instruments and the real returns on investment programs. The race to compete fuels financial soap bubbles, while public companies’ accountability before their shareholders is diluted and even eroded away altogether.

Third, the risk management system must be strengthened. Each market actor needs to take their share of the risks and responsibility right from the outset. There should be no illusions about the ability of any asset to rise endlessly in value. The world just does not work this way. It is contrary to economic laws.

Fourthly, we need to ensure maximum information transparency and full disclosure for companies, tighten supervisory requirements and increase the responsibility of rating agencies and audit companies.

And finally, fifth, we need to ensure that everyone will reap the benefits of removing barriers to international trade and free movement of capital. Unfortunately, we have come now to understand this necessity only through a crisis that has brought down living standards and destabilized business.

All these problems are international. They call for the development and use of new critical technologies in politics and the economy. It is with the aim of resolving these problems that Russia has launched its call for change in the global financial architecture, a revision of the role played by today’s institutions and the creation of new international institutions, institutions that can ensure genuine stability.

Any crisis offers at the same time a chance to resolve systemic contradictions. We need to use this opportunity to clean out our systems and prolong and maximize the growth periods in our economies. The chance is still there for the taking, but we need to realize the multi-polar nature of the world and the complexities of globalization.

The unipolar economic model had already proved its ineffectiveness during the crises in the 1990s. The pillars of the system –the IMF and WTO– were left discredited. More recently, the weakening dollar has created a whole string of problems. Now we see the fragmentation of the world financial system underway literally before our very eyes.

The example of the USA, and others too, has shown that it is just one step from self-regulated capitalism



to financial socialism. What’s more, we see them ready to nationalize one asset after another. Factors for stability in this situation would be the creation of new financial centers and strong regional currencies, as has already happened in Europe with the EU economy and a strong regional currency –the Euro.

Russia will actively encourage this recovery process in the international financial system, and not only in the G8. It is clear now that acting through the G8 alone is not enough, and I am pleased to see that many of our American colleagues are starting to say this too.

What I mean is that we need to get other key world economies engaged in this process too: China, India, Brazil, Mexico, South Africa, and maybe others too. At any rate, Europe must not become the weak and vulnerable link here.

Globalization must be accompanied by an increased role of states as guarantors of successful national development. Collective global management structures, meanwhile, will act as arbiters ensuring the compatibility of the different economic strategies.

In this connection I think President Nicolas Sarkozy’s idea to hold a multilateral meeting to consider the problems of the global financial system is a timely proposal. His proposal to create a common economic space between the European Union and Russia is also far-sighted. This would make it easier for us to ensure the stability of our economies and create a genuinely new climate for our relations.

I think we could also start discussing together the future of our common European continent. By this I mean Europe’s role in the global economy and the establishment of a just world order. Historically, Russia is part of European civilization and for us, as Europeans, it matters a lot what values will shape the future world.

Let me turn to the Caucasus crisis. I think that everything that can be said about its causes has already been said. We have made our decisions and their motivation –I hope– is clear for all. Meanwhile I would

also like to inform you all that today the withdrawal of Russian troops from the security zones around South Ossetia and Abkhazia will be completed before midnight.

With the European Union observers now stationed in the security zones on the borders between South Ossetia, Abkhazia and Georgia, we hope they will carry out their mission to guarantee the non-use of force and prevent provocation by the Tbilisi regime. This is what we agreed with the European Union.

The explosion at our peacekeepers’ headquarters in Tskhinvali shows just how dangerous the situation is and just what provocations are possible. More Russian peacekeepers have been killed. This is another cruel crime and offenders will be punished.

We would like to hope that this tragic page in the history of Caucasus has been turned now. I want to stress once again the positive role of the European Union in proposing a peaceful solution to the Caucasus crisis. At a time when other forces in the world had no good will or ability to do this, we found in the EU an active, responsible and pragmatic partner. I think this is proof of the maturity of relations between Russia and EU.

Now we need to decide together how to live in the aftermath of the crisis, how to avoid new shocks and strengthen the foundations of international security as a whole.

Ladies and Gentlemen,

There is no ignoring the fact that nor multilateral diplomacy, nor regional mechanisms, nor the current European security architecture in general, succeeded in preventing the aggression that took place. The NATO-centric approach in particular has shown its weakness. We should draw conclusions from this situation.

The Euro-Atlantic vision today needs a positive agenda. The events in the Caucasus have only confirmed how absolutely right the concept of a new European

security treaty is today. It would give us every possibility of building an integrated and solid system of comprehensive security.

This system should be equal for all states –without isolating anyone and without zones with different level of security. It should consolidate the Euro-Atlantic region as a whole on the basis of uniform rules of the game. And it should ensure in stable and legally binding form our common security guarantees for many years to come.

My partners often ask me what would be new in the treaty. Here in Evian I would like to present for the first time some specific provisions as I see them.

First. The Treaty should clearly affirm the basic principles for security and intergovernmental relations in the Euro-Atlantic area. These principles include the commitment to fulfil in good faith obligations under international law; respect for sovereignty, territorial integrity and political independence of states, and respect for all of the other principles set out in the truly fundamental document that is the United Nations Charter.

Second. The inadmissibility of the use of force or the threat of its use in international relations should be clearly affirmed. It is fundamental for the treaty to guarantee uniform interpretation and implementation of those principles. The treaty could also cement a unified approach to the prevention and peaceful settlement of conflicts in the Euro-Atlantic space. The emphasis should be on negotiated settlements that take into account the different sides’ positions and strictly respect peacekeeping mechanisms. It would perhaps be useful to set out the dispute resolution procedures themselves.

Third. It should guarantee equal security, and I mean equal security and not any other kind of security. In this respect we should base ourselves on three ‘no’s. Namely, no ensuring one’s own security at the expense of others. No allowing acts (by military alliances or coalitions) that undermine the unity of the common security space. And finally, no development of military

alliances that would threaten the security of other parties to the treaty.

We need to concentrate on military and political issues because it is hard security that plays a determining role today. And it is here that we have seen a dangerous deficit of controlling mechanisms recently.

Fourth. It is important to confirm in the treaty that no state or international organization can have exclusive rights to maintaining peace and stability in Europe. This applies fully to Russia as well.

Fifth. It would be good to establish basic arms control parameters and reasonable limits on military construction. Also needed are new cooperation procedures and mechanisms in areas such as WMD proliferation, terrorism and drug trafficking.

Our joint work on the treaty should also assess how the structures established in the past meet modern requirements. I stress that we do not seek to abolish or even weaken anything that we have now. All we want is to achieve more harmonious work together on the basis of a common set of rules.

Life will show us the best platform for negotiations. And if we agree to go ahead with this project it will be essential to get the international expert community involved.

Let me stress that we are open for discussing other possible elements of the treaty as well. But whatever the case, we must speed up our efforts to fix the European security architecture. If we do not, we will only see it degrade further, as well as face growing crisis in security and arms control.

True, the non-proliferation regime we inherited is not best suited to today's tasks. But even this regime has not exhausted its positive potential, although there are some obvious problems, such as cracks and holes in the Nuclear Non-Proliferation Treaty, lack of progress in making the Convention on the Prohibition of Biological and Toxic Weapons more effective, and

also the murky prospects for entry into force of the Comprehensive Test Ban Treaty.

We attach exceptional importance to concluding a new, legally binding Russian-American agreement on nuclear disarmament. It should replace the START Treaty that expires in 2009. But what we need is a treaty and not a declaration. We hope for a positive reaction to our proposal from the USA.

Everything I have proposed today has great importance for Europe. I invite you to take part in honest and unbiased dialogue at a forum especially devoted to this issue. The leaders of all European countries and all the key Euro-Atlantic organizations could take part, all those who hold dear the world's future, confident development and peoples' peace. I hope that our voices will be heard and that this initiative will receive support.

Thank you for your attention.

#### SPEECH BY

### NICOLAS SARKOZY

Your Excellencies Heads of State and Government,  
Dear Dmitry,  
Dear Thierry de Montbrial,

In choosing "Where is the world going?" as a central theme of this conference, its organizers could not have been more to the point. Indeed, there is the feeling, today, of a world without a compass or prominent points of reference.

After several decades during which the world was divided into two camps, the unipolar organization of the world, predicted by many, was unable to withstand a proliferation of crises, the development of global challenges and the rise of new powers. We are facing a radically new situation, one that is opening the way to an age of "relative powers" and is thus generating instability. No actor, powerful as it may be,

can now, alone, resolve crises, confront challenges or even rally the world to its single vision of things.

I said three weeks ago, at the United Nations General Assembly, that instability and disorder would grow if we did not adapt the international institutions born of an order that has now passed to 21st century realities. This new multipolarity will give rise to a new balance, i.e. will be a factor of peace and prosperity, only if we succeed together in placing it in a new multilateral framework. For France, this means enlarging the UN Security Council and opening the G8 to the great emerging powers. This is the 21st century yet we have the international organizations of the 20th century. What's astonishing is that they are working as well as they are, despite this. But it is time to change our organization.

The unprecedented financial storm that has been buffeting the world for more than a year, and which has come to a head in the last few weeks, confirms the terms of this analysis to the point of caricature: the financial crisis born in the United States has spread throughout the world, as a consequence of globalization. No country, not even those with the most natural resources and currency reserves, is immune from its repercussions, although some are resisting better than others. Only the coordinated action of central banks and governments will make it possible to curb the systemic risk and ensure the financing of economies, because there can be no isolated response to global challenges. France and the European Presidency are striving for this comprehensive, coordinated response, and in the hours to come, it will be concretized. By revealing the scope of the abuses of a financial capitalism left to its own devices and the exorbitant cost to the community as a whole, the crisis has demonstrated the urgency of defining a new regulatory framework that will prevent future abuses and will re-focus the financial system on its true function, which is to finance the economy. That is the objective of the enlarged G8 Summit that I proposed holding by the end of the year. I would like to thank Dmitry Medvedev for understanding this initiative, which Russia is ready to join. I would like to say to the Russian President that, for me, the G8 is a minimum.



Ladies and Gentlemen, I will not expound at greater length on France's vision to build new international governance. I have already set it out, and the presence, today, of President Medvedev of Russia and my status as President of the European Council offer me the opportunity to focus my remarks on a subject that I see as fundamental: the future of relations between Russia and the European Union.

Let's be open about this, and President Medvedev and I know each other well enough to speak frankly: the relationship between Russia and the EU has just been very sorely tested. From that I can conclude that the EU and Russia must not become estranged, eliciting fears of a new division of Europe, even reviving the spectre of a "new Cold War." A new Cold War would be a mistake of historic proportions.

For several years now, Russia has been back. Growth has returned, leading to new wealth; the State's authority is back; Russia's influence on the international scene is back. It is in the world's interest, and in that of Europe, more than anyone else, for Russia to be prosperous, stable and engaged in world affairs. It is in our interest. Europe wants a strong Russia. The history of European construction, when you think about it, has taught us that a happy neighbour is a good neighbour. But the vigour of this return has elicited surprise and sometimes concern. At home, the ways in which the State's authority has been restored have raised questions. Abroad, its rhetoric of force and a series of disputes or bilateral tiffs with several EU member States have raised the fear that Russia may consider confrontation as one way among others to defend its views and promote its interests.

This judgment, of course, must be nuanced. It has been my role, as President of Europe, to do this. First, because there are still significant areas of cooperation between Europe and Russia: with respect to international terrorism, we are standing together to avoid the return of a regime allied with al-Qaida in Afghanistan; we are standing together against maritime piracy, we are standing together against the proliferation of weapons of mass destruction. That's obviously the case on the Iranian nuclear issue, as proven by the recent adoption

of the Security Council resolution that confirmed that we stand united in our rejection of a nuclear-armed Iran. And finally, because we must give Russia its due for the considerable progress it has made in less than a generation, following seven decades of totalitarian darkness, while our European countries in some cases needed several centuries. We should also note that the Russian people appreciate the restoration of the State and the return of growth. Finally, we must recognize –and honesty is not evidence of weakness– that Russia may have felt neglected by Western countries that no longer saw it as an equal partner, to the point that Russia may have believed that only a relationship of force would ensure that it was respected.

The Georgian crisis drove a new wedge –a deep one– in the trust between Europe and Russia. I trust President Medvedev enough for us to be able to speak frankly, and I appreciated this ability to engage in dialogue at a time when there were few who accepted dialogue. I thought the Russian army's reaction was disproportionate to the Georgian military intervention. I say it as I see it. There was a Georgian military intervention, which was a mistake. But the Russian army's reaction was disproportionate. I also don't believe that Moscow's unilateral recognition of self-proclaimed South Ossetian and Abkhazian independence is acceptable. In Europe and elsewhere, questions and fears about Russia's real objectives –notably vis-à-vis its neighbours– and on the methods it deems legitimate to achieve them, gave rise to this crisis of trust.

Should it continue to take hold, this malaise between Europe and Russia would have grave consequences for both the stability and prosperity of the entire European continent and for the global balance. I want to tell you, because I believe it deeply, that Europe's destiny and that of Russia are connected. They are connected by geography; it's rare for a country to change its address. They are connected by history. They are connected by culture –yes, by culture. They are connected by the growing interdependence of our economies. Between Europe and Russia, the complementarities are obvious: the Russian market is in full expansion. It is Europe's third-largest export

market. To successfully modernize and diversify its economy, Russia must rely on Europe, which is its leading trading partner and foreign investor: 80% of investments in Russia come from the EU, and 80% of Russian investments abroad are made in the EU. In 2007, Europe invested 10 times more in Russia than another one of its neighbours –China– did! Europe buys a third of its energy from Russia, and Russia sends 60% of its gas and oil exports to Europe. Europe therefore needs Russia to guarantee the security of its supply, and Russia needs Europe to ensure the security of its export markets. Thus, reason demands that Europe and Russia be strategic partners. We are neighbours, we have a strategic interest in working together.

Essential to one another, Europe and Russia are also two essential actors in the new multipolar world. Russia has recovered spectacularly from the traumas of the 1990s. Russia is once again a power, a power that is listened to, that has both the means and the will to impact world affairs. For its part, the EU, already the leading economic and commercial grouping, is stepping up its efforts to acquire the stable institutions and military means that will allow it to fully play the role of a global actor that its assets destine it to be. The global balance of the international system and our ability to confront the world's major problems thus depend upon the nature of the relations that will be established between Russia and Europe. We saw this during the Georgian conflict, it was EU mediation which enabled the cessation of hostilities and opened the way to a negotiated process to end a crisis whose consequences transcended the Caucasus region. The partnership between Europe and Russia offers the world an opportunity, an opportunity for stability, prosperity and peace.

Between us, then, we must rebuild trust, the prerequisite for reviving an ambitious European-Russian partnership. How do we do this?

First, by resolving the Georgia crisis.

With the deployment of European monitors alongside those of the OSCE and the UN, and the wi-

thdrawal of Russian troops from the areas adjacent to South Ossetia and Abkhazia, as we agreed at the end of long negotiations, Europe and Russia will have kept their word and fulfilled the first part of their contract. The crisis began on 8 August; this is 8 October. Two months. Now, I'm aware of the sermonizers who thought this wasn't clear enough or fast enough. You're familiar with the proverb, "quand je m'ausculte, je m'inquiète, quand je me compare, je me rassure" ["when I listen to my own heartbeat, I worry; when I compare myself to others, I am reassured"]. It was essential to keep the crisis of trust from deteriorating and to show that the dialogue between Europe and Russia produces results, and so today's announcement is crucial. Now, on the ground, the parties must refrain from any provocation and respect the work of the international monitors. The same determination to find just and lasting solutions in accordance with international principles must reign in the international discussions scheduled to begin a few kilometres from here, in Geneva, on 15 October. That will be, I think, one of the subjects we shall be discussing at lunch.

To heal the malaise that has set in and to re-establish trust between Europe and Russia in the long term, both of us must also show, through our words and through our actions, the same will to listen, to have a partnership, to engage in dialogue. The EU made clear gestures in this regard during the Georgia crisis. I bet on dialogue with Moscow at a time when it was not the obvious choice, and many, in Europe and elsewhere, were urging the adoption of sanctions. Well, I don't regret opting for trust and dialogue. The EU placed its relationship with Russia "under observation," but it chose dialogue, and the full implementation of the agreements of 12 August and 8 September opens the way to the resumption of negotiations on a framework agreement that is ambitious both in its scope—the "four common spaces" (an economic "space," a common "space" of freedom, security and justice, a "space" of cooperation in the field of external security and a "space" of research and education including cultural aspects) defined during the St Petersburg summit—and the intensity of the cooperation involved.

Such an ambition, if shared, will lead to a real "common human and economic space" between Russia and the EU:

- in the area of energy, we have a partnership to create based on transparency, reciprocity, the rule of law and non-discrimination, and ambitious cooperation to promote energy efficiency and the development of new energies;
- in the area of investments, which should be welcomed on both sides within the framework of clear, stable and predictable rules;
- in the area of commerce, by establishing a strengthened, comprehensive free-trade agreement that would take its support from the result of Russia's accession to the WTO, which remains in Russia's interest and ours;
- in the financial area, given that the crisis we are experiencing and its repercussions on Europe and on Russia show that it is in both our interests to define rules and agree on practices with respect to regulation, accounting and oversight. Dmitry Medvedev has made proposals. There is nothing in these proposals that I find shocking or contrary to what I myself believe.

- between our peoples, by facilitating movement in accordance with visa agreements, whose ultimate objective would be an area of visa-free movement, and by increasing exchanges between our civil societies. What better way to promote better mutual understanding of the values to which we are attached—democracy and human rights? A common economic space between Russia and the EU—there's a vision worthy of this new century.

Europe hopes that Russia will not hesitate to make this strategic partnership choice, which cannot be limited to the individual relations that Russia maintains with each of our members. Remaining bilateral disputes must be resolved, for the very basis of the EU is the solidarity of the nations that comprise it. Russia must embark on the negotiation of the framework agreement not only with a legitimate concern for defending its interests and the right for them to be taken into account, but also with the will to reassure and respond to the questions of European countries, many of which make sense. I am thinking in particu-

lar of energy, in which an age of suspicion must give way to an age of reciprocal security.

I heard President Medvedev present his ideas on a new security pact from Vancouver to Vladivostok. Well, I'd like to tell him that we are ready to discuss it, because security, in Europe and beyond, is a common good and thus another natural area for cooperation between Europe and Russia. This cooperation must be based first of all on certain achievements that are far from being negligible but which we can develop still further: on NATO, first of all, whose NATO-Russia Council, the symbol of the end of the Cold War, offers a framework for common strategic thinking, but also for concrete cooperation between our systems of defence; within the framework of the EU, in which Russia's military participation in Operation EUFOR in Chad could prefigure a true partnership, and we were happy to have our Russian friends alongside us in this difficult endeavour. We could make Russia a special ESDP interlocutor. In each of these organizations, France is prepared to work with Russia in greater depth.

But these dialogues and areas of cooperation clearly lack consistency. And that's where Dmitry Medvedev's proposal responds to a real need. So, why not re-examine from every angle all groups, institutions and countries concerned, everything concerning security on our continent? And since we're at the beginning of the century and you made this proposal, why not modernize together our thinking, reflexes and habits that date back to the Cold War? We could certainly do it within the framework of the OSCE, the only forum that brings together all actors in pan-European security on an equal footing. I propose that a special OSCE summit be convened for this purpose before the end of 2009 so that we could discuss your proposals and those of the EU on new pan-European defence concepts.

Of course this exercise presumes a willingness to compromise, Dmitry, as well as mutual understanding and mutual honesty; an effort to place our common security in a renewed framework based not only on our interests but also on our values. The tragic his-



tory of our continent teaches that there is no such thing as lasting security based solely on a balance of forces. A balance of forces is no guarantee of lasting security. Democracy is also needed. Human rights, a key component of stability, are also needed. I am not preaching to anyone. All of us have our weaknesses in our own countries. But this is the message of the EU. It is this message that I will take with me in our dialogue with Russia on the issue of security.

A pan-European security framework would thus include security arrangements, notably with respect to conventional weapons, but also the reaffirmation of those values and of those instruments and institutions that permit their expression and protection. This framework must also permit the peaceful resolution of disputes, because the Georgia crisis taught us that a supposedly frozen conflict can quickly degenerate into open war.

Finally, I say to Dmitry—but is it necessary to spell it out?—our American friends and allies must be involved in this dialogue that we are ready to enter into. I don't get my instructions from America, but America is our friend and ally. This relationship between Europe and the United States should not be feared. We are friends; we are allies. We have our own vision. We are not the agents of any power. But talks about security from Vladivostok to Vancouver also concern our allies. It concerns security on our continent, because our continent's security is based on a strong transatlantic link. I feel sufficiently independent to proclaim this link. Indeed, we in Europe have been happy to have had this link on at least two occasions.

Just as it depends on the nature of institutions and contours of alliances, Europe's security also depends on definitively renouncing the ambition to have "spheres of influence" and on respecting the territorial integrity and independence of each country. I say, here before the Serbian President, that recent history has not been easy for the Serbian nation, which I believe is a natural candidate to join the EU. Let us not forget: Russia's "near abroad" is often that of the EU as well. It is in fact our "common neighbourhood." It must be an area of cooperation, not of rivalries.

Ladies and Gentlemen,

The proliferation of crises and the rise of global challenges have highlighted the deregulation of the world at the same time as revealing the insufficiencies of the rules and international institutions inherited from another era. It is our responsibility today to invent nothing less than a new world governance. We must do so in order to preserve peace and prosperity for our people, and to prevent international relations from falling once again into a zero-sum game in which some must obligatorily lose in order for others to win. That kind of reasoning is insane.

The relationship between Europe and Russia has been tested in recent years. We must overcome this malaise, because between Russia and Europe, partnership is natural, it is necessary. It will be a major factor of balance. It will make a decisive contribution to the stability of the international order that we must build. Never during these recent weeks have I had any cause to regret my decision to opt for dialogue and trust with the President of the Russian Federation, Dmitry Medvedev, whom I am happy to see again here in Evian.

Thank you.

**CLOSING SPEECH BY**

## THIERRY DE MONTBRIAL

Presidents, Your Royal Highness, Ladies and Gentlemen. This is now the third and last day of our World Policy Conference.

I would like to share a few of my thoughts with you. These are not questions, but just a few observations. I would like to highlight a few points that seem particularly important to me.

The first one concerns the end of the unipolar world, as I mentioned at the very beginning of the conference. My conviction is that we have now fully entered the 21st century and we are witnessing the end of unipolarity. This means that we will have to discover, not without a bit of pain, how diverse our world is. Many actors of what we call the South, a still widely used expression even when the South is not necessarily in the south, are concerned by the concept of universal values such as human rights and democracy. I think that this is quite striking. What they do not accept, what they reject is Western powers trying to impose their specific modes of government in the name of universal values, without taking into consideration the histories and backgrounds of the majority of the peoples of the world. It is through example and not through imposition that values spread with their political consequences.

I think that another lesson we can draw from these few hours spent together, and which is along this same line of thinking, is that we have a lot to learn from certain aspects of governance in some traditional societies. Thus, when it comes to minority-related issues, we, western peoples, always tend to preach to the rest of the world and this, in spite of our own failures. It is the very complex issues of minorities that must be addressed. In the years to come, I think that it is in our interest to examine how certain traditional societies operate and to try to learn a few lessons from them. There is no reason why the learning process should not be a mutual one. Here, we are far from the "clash of civilizations."

There is another point that came up in this room yesterday morning, during the speech of the Representative of the Mexican President: current world trends are, unfortunately, not all necessarily moving towards the expansion of democracy. What our Mexican friend talked about, is in fact democracy's loss of legitimacy, especially in Latin America and probably in other regions of the world. This is something that we need to think about very carefully. Along these lines, the current financial and economic crisis will have an impact on the legitimacy of capitalism and the market economy.

Another important and recurrent comment in our debates, that I would like to highlight, is that global governance cannot be efficient unless it is built on mutual respect among peoples of the world who, for whatever reasons, the cold war or previously colonialism, did not really listen to each other. The only way we can build good governance is through mutual respect and by listening to each other. This can only be reached by knowing each other better and making efforts to understand the others' point of view, even if one does not necessarily agree. So I think that the key words here are curiosity and, most importantly, tolerance. Because, at the end of day, the cross-cutting value that covers all the principles that I just mentioned is indeed tolerance, and tolerance is in the interest of one and all.

And in order to use a concept that is quite common, I would say that we have to make sure that the future global governance is a win-win solution for all. But, for this we need the political will to move forward. We are talking about political will. The will of everyone is needed. This can only be achieved if all the players of the world are involved, of course the main players, but not only them: indeed smaller countries have a key role to play as well. This will only be possible if all the players of the world show the will to promote cooperation and dialogue.

Another point that is linked to what I have just said is that the future rules of this new form of governance must be as inclusive as possible. This is one of the major lessons to be learned from what we have heard

yesterday and the day before. Once again, we have a lot to learn, to expect and to do with the so called "South."

The future rules of the game will only be legitimate if they have been designed with participation of one and all. One of the drawbacks of the current form of governance is that all its rules have been defined by a very small part of the planet. It is even the case for the Universal Declaration of Human Rights. It is a question of legitimacy and efficiency. Because, even technically, we can only be efficient if we are legitimate. There is a very strong link between efficiency and legitimacy.

I would like to talk about one last point that has emerged from our discussions. It is the relationship between the regional and the global. A large number of issues facing the world can not be resolved at the highest possible level. This is very similar with the so called subsidiary principle that is applied in the EU. In designing the architecture of future global governance, we must pay much more attention than in the past to regional structures and to the links between the regional and the global levels. Naturally the EU fits into this scheme, but its experience is both unique and limited.

I believe that this general principle applies to all domains, and in particular, of course, to economics. We see this very well in the current financial crisis. The roots of the crisis of confidence that we are going through can be precisely found in the lack of cooperation in the past between the different institutions and governments in charge of these issues. It is not merely a technical problem as Jean-Claude Trichet argued yesterday. If there is currently this lack of confidence, it is not entirely due to technical reasons. It is because the institutions concerned have not found the right *modus operandi* for cooperation. We have come up against a credibility issue.

To conclude, I would just like to say that this very first conference has had a few problems. I am fully aware of this. But I must say on the whole the outcome has been extremely encouraging. And at this

point, I would like to extend my heartfelt gratitude to all the teams that have participated in organizing this event and particularly our sponsors because of course, without them, this conference would not have been possible. I would like to thank everyone from the bottom of my heart. I would like to reiterate the fact that we will pursue this endeavour. This is the first of the WPC, but let me assure you that there will be a second one, a third one and fourth one, etc. I think that the result of this first meeting has been sufficiently encouraging to allow us to make this decision already. So I'd love to meet you once again next autumn and why not in an emerging country.

Before I give the floor to the moderators in charge of this morning's first session, I would like to thank everyone present in this room for their kindness and attention.



# PRESS



# Not Quite Ready To Dump America

BY JIM HOAGLAND, THE WASHINGTON POST, SUNDAY, OCTOBER 12, 2008

EVIAN, France

Looking down on the smoking ruins of the world's stock markets and financial institutions from the Alpine foothills, Russian President Dmitry Medvedev took consolation where he could find it last week by celebrating the joys of American decline.

The era of "unipolarity" —of the United States setting itself up as the "mega-regulator" of world affairs— has reached a well-deserved end, Medvedev told other leaders with undisguised satisfaction. That failure became indisputable in August, he continued, when the United States was powerless to prevent Georgia from attacking Russian forces and Russia from responding by invading its neighbor.

Dump America Inc. was the implicit geopolitical stock tip that Medvedev gave his listeners at the World Policy Conference, a three-day leadership brainstorming session staged here by Ifri, France's leading think tank. Another invisible subtext ran like a television crawl line across Medvedev's chest as he spoke: The Kremlin is back in the business of recruiting needy client states.

Medvedev spoke here Wednesday, a day after his government indicated that it would respond favorably to Iceland's request for a \$5 billion bailout of that country's cratering banking system —much to the consternation of Estonian President Toomas Hendrik Ilves and other Baltic leaders. "Containment seems not to be an option in the time of globalization's free capital flows," Ilves told me glumly.

The Russian President also laid out new details of an initiative to have European leaders negotiate a new security treaty with Russia that would marginalize NATO and the United States. He also talked up proposed Russian-European Union agreements that would exclude America altogether.

These are bleak, life-support days for the Bush administration, which has seen its early audacity race into hubris and now train wreck. Its democracy promotion efforts in Iraq, Afghanistan and elsewhere are in deep trouble, its free-market ideology is being blamed for contributing to the world financial crisis, and the Democrats look poised to take control of Washington. For Medvedev and Vladimir Putin, his patron and prime minister, the iron is irresistibly hot.

But as I listened to the freewheeling discussions, I wondered if the widespread obituaries being written for American power and all that it stands for might not turn out to be premature. I did not hear the deep questioning of the American model of capitalism that I expected at this moment of financial terror, and Medvedev's blatant attempt to drive wedges



between Europe and the United States was effectively blunted by French President Nicolas Sarkozy.

We will be glad to discuss European security with you, Sarkozy responded directly to Medvedev, but we will be joined by "our friends and allies, the Americans... Such matters concern them, too."

Sarkozy also warned his guest that new security arrangements for Europe would not recognize "spheres of influence" (a concept recently endorsed by Medvedev) and would have to be based on democratic freedoms and respect for human rights. "Balance-of-power politics cannot guarantee stability for our continent," Sarkozy added.

Music to the ears of an American participant. But for me the high point was listening to three democratically elected leaders from the developing world advise their Western peers not to give up on supporting democracy and market liberalization in their countries and everywhere else.

"Free elections are the only way out of crises" that would spark repression or chaos for dictatorial regimes, said Mongolian President Nambaryn Enkhbayar. His view was strongly echoed by Kenyan Prime Minister Raila Odinga.

"Trade and investment are vital to Africa's ability to work its way out of today's economic mess," said Senegalese President Abdoulaye Wade. "You in the North should be truly Keynesian about this crisis. Put your billions into investments in Southern Hemisphere countries to create real assets and jobs —not financial bubbles— and you will get the best returns possible."

And Saudi Arabia's Prince Turki Al Faisal —while warning that Western countries should not try to force-feed democracy to the kingdom— acknowledged that a country that refused to try any "of the dishes that democracy has to offer risks starving to death."

There was, to be sure, skepticism and anger in Evian over what Sarkozy called the excesses of "financial capitalism," which routed huge pools of savings away from the productive economy into the pursuit of unrealistic returns before slamming into the ditch.

But there was a solid consensus also for global oversight and regulation, not for a renunciation of the free market. Medvedev's Dump America message did not make much progress. What the world seems to await is better American leadership, not its elimination.

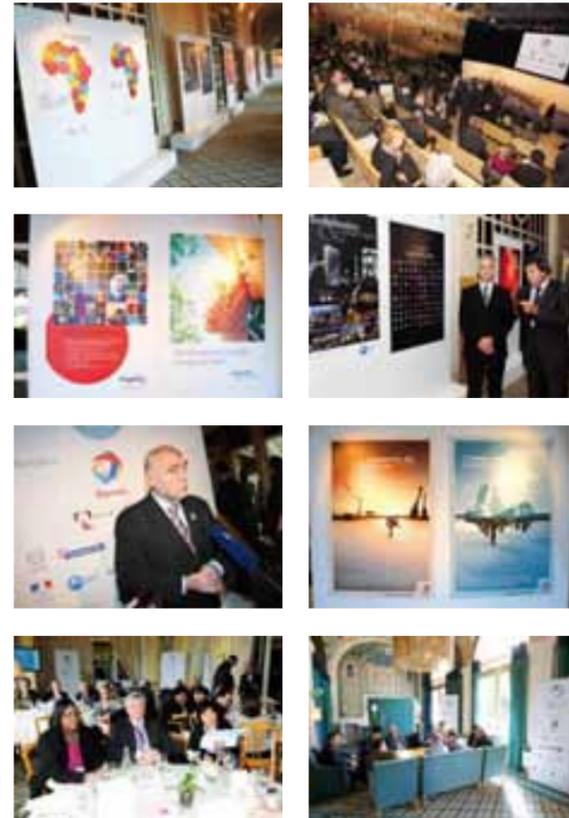




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The Ifri (French Institute of International Relations), created in 1979 by Thierry de Montbrial, independent of any administrative or political authorities, is a center of research and debate dealing with major international issues. It is ranked by the Foreign Policy Research Institute as one of the top ten think tanks in the world outside of the United States.

The Institute is comprised of over thirty full-time researchers and numerous visiting researchers, French and foreign. Their policy-oriented work is carried out in several regional and thematic research groups. Interactive and constructive dialogues are promoted between researchers, experts and decision-makers from both private and public sectors. Ifri organizes daily lectures, international symposia and meetings with Heads of State or Government, or eminent French and foreign personalities.

Ifri's research and debate are published in the general and professional press and especially in its quarterly magazine *Politique étrangère* and annual report *RAMSES*. Its website, [www.ifri.org](http://www.ifri.org), is a rich data bank and the primary means to diffuse its activities.

Ifri has assumed a European dimension with a branch in Brussels, Ifri Bruxelles, launched in March 2005. Thanks to past experience, and an international team coming from all walks of life, covering a large range of topics, and linked to various international networks, Ifri is today a major prospective and policy-oriented European think tank.

The World Policy Conference is an Ifri initiative, produced in 2008 by Euro RSCG Worldwide Events.

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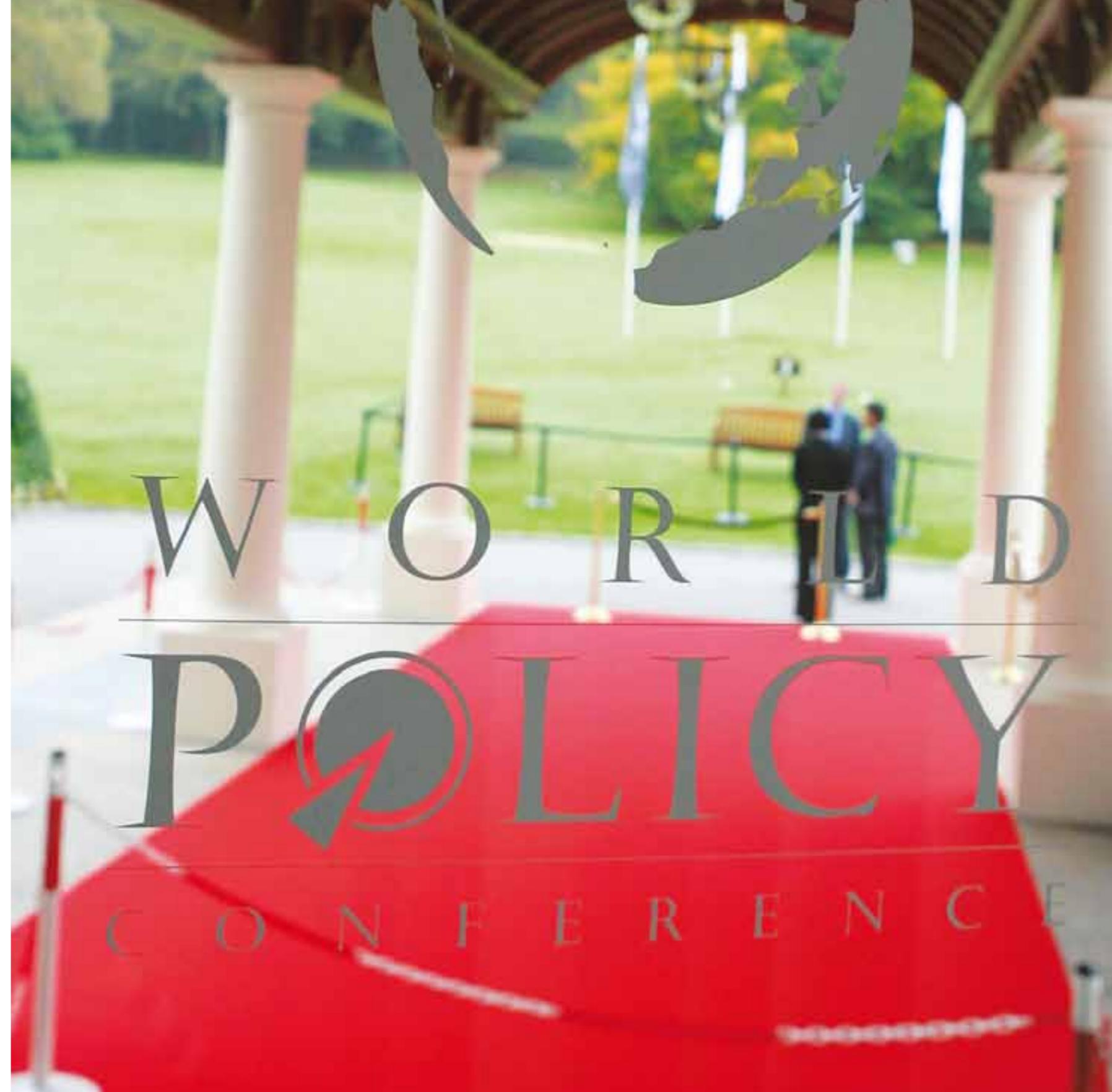
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