


# The Global Grand Bargain

By Robert Hutchings, Frederick Kempe

Posted November 2008  WEB EXCLUSIVE

**For U.S. President-elect Barack Obama, there is only one way to address the many problems that await him: Go large.**

Last night the American people elected Sen. Barack Obama president of the United States. His presidency comes at a time of one of the most profound shifts in global power and influence in a century, with major problems on several fronts. Yet precisely because of the enormity of the challenges ahead, President Obama will have an opportunity, perhaps a fleeting one, to transcend entrenched positions and rally support around a larger, shared strategic vision of the future. The question is: What exactly should he do with this opportunity?

The long line of pundits, politicians, academics, and advisors is already forming, each clamoring to showcase his or her prescriptions for how the new president should solve the many foreign-policy problems awaiting him at the White House door. There are the obvious ones, such as dealing with instability in Iraq and Afghanistan and countering Iran's and North Korea's nuclear ambitions. Then there are those that in the long run will be more important to his country's security and well-being: reforming the global financial system, enhancing energy security, addressing the causes and consequences of climate change, managing a growing antiglobalization backlash around the world, and reforming global institutions that are no longer up to these challenges.

This agenda is not pulled out of thin air, by the way. It springs from a series of strategic dialogues that we conducted during the past two years with key leaders in China, India, Brazil, South Africa, and a dozen other countries around the world. From Paris to Tokyo, New Delhi to Cairo, Beijing to São Paulo, we encountered a shared set of priorities and a desire for the United States to return to a responsible global role in partnership with others.

It might seem logical for President Obama to attack this formidable agenda simply by starting with the biggest and most pressing problems first, and then working through the long list of others. But this piecemeal approach—of tackling problems in isolation from one another—is doomed to fail, because it puts us back in the same ruts where we've been stuck for years.

Former U.S. President Dwight D. Eisenhower once advised, "If a problem cannot be solved, enlarge it." It is a way of bringing more politically relevant clout to bear and creating opportunities for constructive trade-offs. Most of the challenges we face are interconnected, and the only way for the new administration to tackle them is as part of a coherent overall strategy, a Global Grand Bargain.

How might this bargain actually work? First, it should be stressed that this would not be a bargain in the sense of a single negotiated settlement, but rather a flexible set of reciprocal concessions among a dozen or so key countries—a vision of a way forward that others can join. Nor would it be a "made in USA" solution to all the world's problems; we have surely learned from the U.S. experience in Iraq that the United States cannot solve global problems on its own.

The Global Grand Bargain would evolve in a sequence of steps, beginning with an early address by President Obama laying out the nature of the challenges as he sees them and indicating what the United States would be willing to do, as a good-faith offer, toward their resolution. This speech would be followed in the spring and early summer with a round of quiet consultations with key partners—the closest European allies (individually as well as collectively through the European Union), our allies in Asia, and other potential partners, including Brazil, India, and China (whose participation or at least tacit agreement will be essential). These consultations would aim at

producing a few breakthroughs—some involving the United States, some not—so that by the time of the U.N. General Assembly meeting in the fall, the basic elements of this plan would be in place.

In practice, the Global Grand Bargain would encompass a mixture of treaty and nontreaty measures. In some areas, such as reforming global institutions and creating a global fund for clean and renewable energy development, formal deals might be needed; in others, more flexible approaches may be preferable. So, some scenarios in which uncooperative countries would begin to cooperate—on transnational issues such as the environment, agriculture, and nuclear proliferation—might begin with the United States and Europe offering a new initiative on the Doha round, thereby inducing Brazil and India to follow suit.

On another front, China and India could consider shouldering the economically difficult steps to limit carbon emissions if there were enough encouraging progress in global governance and the world trading system. In the World Bank and the International Monetary Fund (IMF), the United States and Europe might give up their cozy agreement to reserve the top jobs for themselves in order to bring China, India, and others into more-responsible leadership roles. And if Russia were to see its international role strengthened, it might finally be compelled to act as a reliable energy provider and promoter of nuclear nonproliferation.

How and where should the grand bargain be worked out and monitored? A “League of Democracies,” an idea in vogue in some circles, is likely not only to fail but to alienate other key countries whose cooperation is both possible and necessary. As a far better alternative, the G-20—or something closely resembling it—should be elevated as a complement and eventual successor to the G-7, not to replace existing institutions such as the United Nations but to provide a flexible forum for fashioning compromises and monitoring progress.

Obviously, neither the United States nor any other country is going to sign on to a “bargain” in which it gives up more than it gets. Each country would calculate the trade-offs from the vantage point of its own priorities and interests, which would then frame the global debate. From the U.S. perspective, the bargain might look something like this:

	<b>The United States concedes ...</b>	<b>The United States gets in return ...</b>
<b>Global Governance</b>	Some of its privileges in the U.N., IMF, World Bank, and other institutions; elevation of the G-20 as eventual successor to the G-7	Greater cooperation from rising powers in trade, finance, energy, and the environment; agreement on a more effective “Bretton Woods II” international financial system
<b>Security</b>	Missile defense systems along Russia’s borders; support for Russia’s proposed European security treaty	Russian commitment to energy security and nuclear nonproliferation; Russian support for a revised European missile defense system
<b>Trade</b>	Larger U.S.-EU concessions on agriculture to unblock the Doha round	Brazilian and Indian commitments to open their markets in agriculture and services
<b>Energy</b>	Opening the International Energy Agency to China, India, Russia, and others; cofinancing of a global clean/renewable energy fund	Russian support for an energy charter; a better-functioning, more-secure energy market with new opportunities for U.S. business
<b>Environment</b>	U.S.-EU agreement to numerical reductions in carbon emissions	Chinese and Indian agreement to emissions ceilings and eventual reductions

<b>Development</b>	U.S. commitment to the U.N. Millennium Development Goals; increased funding for food, energy, and environmental security	Poor countries' commitment to a more democratic agenda; reduction of future humanitarian, refugee, and human rights emergencies
<b>Proliferation</b>	Reduction of the U.S. nuclear weapons arsenal to 1,000 if Russia does likewise	A global moratorium on construction of all fissile material production facilities

This list is neither exhaustive nor exclusive; many other ideas, perhaps better ones, could fit into the template. It is, rather, a tentative list meant to illustrate a concept. Although some proposals have a chance of producing early breakthroughs, most will require time and patient cultivation of global partners crucial to their success.

Today, the United States' position is not unlike the one it found itself in after the Second World War. The challenge of erecting the institutions for the broken postwar world—the United Nations, the Bretton Woods institutions, the North Atlantic alliance, the European Economic Community—is analogous to the task now at hand. The institutions that arose then were not part of a single system, but they were conceptually linked. Now, there's much evidence to suggest that those institutions that had been designed for a very different world will no longer suffice.

Already, European leaders are trying to get the ball rolling on a remaking of global financial institutions and rules with a "Bretton Woods II" conference of the G-20 in Washington, beginning November 15. It is a welcome initiative, but it does not go far enough. We need to think bigger and take advantage of this "Bretton Woods moment"—the growing awareness around the world that a new burst of creativity and imagination is needed—to begin fashioning a new global order that goes beyond trade and finance to include security, energy, the environment, and governance. Like the post-World War II order, this one will evolve over the course of many years. It is the creation of a new international system.

Skeptics might argue that the Global Grand Bargain is just another utopian idea thrown on President Obama's White House doorstep. Here's why they're wrong: Negotiations on all these issues are ongoing anyway, and the new administration inevitably will devote a great deal of time and expend political capital on all of them. The argument here is not that the Global Grand Bargain will be easy, but that it is the only alternative to continued gridlock on most of the issues affecting all of us.

Is it radical? Perhaps, but the idea is far better than continued tinkering at the margins of an outmoded system. It is a time for thinking big rather than thinking small.

*Robert Hutchings is diplomat in residence at Princeton University and former chairman of the U.S. National Intelligence Council.*

*Frederick Kempe is president of the Atlantic Council of the United States and former editor and associate publisher of the Wall Street Journal.*

[http://www.dni.gov/nic/PDF\\_2025/2025\\_Global\\_Trends\\_Final\\_Report.pdf](http://www.dni.gov/nic/PDF_2025/2025_Global_Trends_Final_Report.pdf)