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Bruce Gerson: Hello, I'm Bruce Gerson, and welcome to this Carnegie Mellon University G-20 podcast. In these interviews you will hear from several leading Carnegie Mellon faculty members about some of the issues related to the G-20 Summit, this September 24th and 25th, in Pittsburgh. Back with us today is Lee Branstetter, Associate Professor of Economics at the Heinz College. How will these issues influence the negotiations at the upcoming Pittsburgh G-20 Summit?

Lee Branstetter: Well, I think these issues are going to loom very large, although they may be, mostly, in the background. A G-20 Summit is not a forum where the nitty-gritty details of a compromise get worked out, either on climate change policy or on the resumption of serious negotiation in the Doha Round. But at the recent G-8 meetings in Italy, the Obama Administration appeared to signal that it hopes to move toward the broad outlines of a compromise at the G-20 Summit that could pave the way for both international climate change policy negotiations in Copenhagen in December and a resumption of the Doha Round. My concern is that the Obama Administration is going to face very strong resistance from developing countries. The bottom line is that developing countries like India, perhaps *especially* India, have very little interest in coming back to the Doha Round negotiating table unless and until their demands are met. And India and China have no interest whatsoever in taking part in any negotiations that could possibly result in binding limits on their own greenhouse gas emissions. Now, we need to step back for a moment and think about the larger context in which these G-20 meetings are taking place. The World Economy is coping with the biggest negative shock it's seen since the Great Depression. And G-20 delegates are very mindful of what happened in the Great Depression era. Many of the leading economies of that era, including the United States, raised tariffs and other barriers to trade as the Great Depression was deepening. They embraced protectionism, global trade-flows withered, and the abandonment of free trade principals made the Great Depression even worse. No-one wants that to happen again. To prevent a relapse into protectionism in these challenging economic times, policy makers want to get the Doha Round moving again. And I think the Obama Administration may also want to show that its style of diplomacy can produce results; that the new Administration can exert international leadership. Now, that's all great, but I think it's going to be very hard to work out a compromise that results in meaningful change. The Doha Round negotiations broke down for a reason. Trade diplomats may be able to stick together a weak agreement that does not require any real

Interviewee: Lee Branstetter Interviewer: Bruce Gerson / Compromise_6.mp3

concessions on any party, we could endorse the status quo and pretend to have made progress, but I'm not even sure that the big developing countries would be willing to take part in that. Rightly or wrongly, the developing countries believe that international trade negotiations, up to now, have been under terms mostly set by the rich countries, and the agreements worked out have disproportionately favored the rich countries. And there's a strong feeling in developing country capitals, and again, whether it's right or wrong is a separate issue, but there's a strong feeling that it's their turn now. And I'm concerned that they will refuse to endorse any agreement that they do not feel meaningfully serves their interests.

Bruce Gerson: Professor Branstetter, again, we thank you for your time and your insights. Hear more from Professor Branstetter in the next segment of this interview series. This has been a Carnegie Mellon University G-20 podcast. Learn more from our faculty experts at cmu.edu/G20. Thank you for listening.

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