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Henry Kissinger
U.S. Secretary of State

James Baker
U.S. Secretary of State

Warren Christopher
U.S. Secretary of State

Madeleine Albright
U.S. Secretary of State

Colin Powell
U.S. Secretary of State

See next page for additional authors

Occasional Papers

Dean Rusk Center

University of Georgia School of Law

30th Anniversary Issue

The Report of the Secretaries of State: *Bipartisan Advice to the Next Administration*

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A Balanced View of American Power

Lee H. Hamilton, former Congressman, vice-chair of the 9/11 Commission, and co-chair of the Iraq Study Group

The Rise of China: *Political and Economic Implications*

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Who Runs Who: *Does Europe Follow the U.S., or the U.S. Europe, on Major Policy Issues?*

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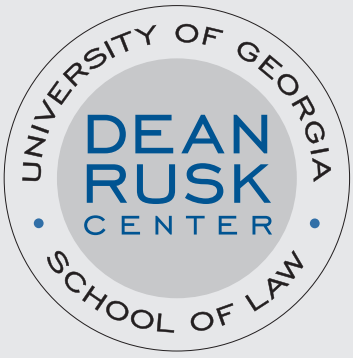

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March 27, 2008 (The Classic Center, Athens, Georgia)

A Balanced View of American Power

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The Rise of China: *Political and Economic Implications*

November 6, 2006 (Dean Rusk Hall, Athens, Georgia)

Who Runs Who: *Does Europe Follow the U.S., or the U.S. Europe, on Major Policy Issues?*

November 6, 2007 (Dean Rusk Hall, Athens, Georgia)

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TABLE OF CONTENTS

Introduction

C. Donald Johnson*

With this issue of the *Occasional Papers,* we celebrate the 30th anniversary of the founding of the Dean Rusk Center, which bears the name of the late School of Law faculty member who served as secretary of state under Presidents John F. Kennedy and Lyndon B. Johnson from 1961 until 1969. In 1970, Secretary Rusk returned to his native state to teach at Georgia Law for nearly a quarter of a century before his death in 1994. To his students—and I was fortunate to have been one—Dean Rusk was an enlightened and generous mentor. To his faculty colleagues, he was a friend and an invaluable resource. Through his grace, intellect, humility, impeccable sense of duty and courage under fire, his life was a model of statesmanship for those he served in public office. Today, Georgia Law's nationally recognized reputation in the field of international law is built largely on his legacy and the foundation he laid.

The Dean Rusk Center was established in 1977 to expand the scope of research, teaching, and service in international law and policy in order to increase understanding of international issues, provide a sound basis for foreign policy decision-making, and contribute solutions to global problems. This mission is accomplished through many programs emanating from the Center: Its education programs provide a study in U.S. and international law to American and foreign graduate students, not only in Athens, but also at highly praised study abroad programs in Beijing and Shanghai, Brussels, and Oxford, as well as through a growing global internship program with placements in 27 countries around the world.

Through its public service and outreach programs, the Center has provided research, advice, and counsel to the Georgia governor's office on international trade issues since its inception—most recently participating in the establishment of a trade office in China. At the federal level, we met this year with President George W. Bush and his senior trade officials at the White House to advise on current trade initiatives. Among other programs, the Center actively engages in international judicial training for judges and judicial administrators from developing countries, and is creating a training program for Chinese lawyers in new fields of the Chinese legal system modeled on U.S. laws.

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* Former U.S. congressman and ambassador in the Office of United States Trade Representative; Director, Dean Rusk Center, School of Law, University of Georgia.

Perhaps most importantly, the Center provides a forum for the exchange of ideas through research, lectures, and conferences on important international legal and policy matters. We not only host visiting professors and research scholars, but our conferences and lectures also feature policy makers, diplomats, and practitioners to ensure that—while our events are scholarly—they are not solely for academic purposes. The roundtable of former secretaries of state and the other lectures published in this volume exemplify the mission of the Dean Rusk Center, and at the same time reflect the legacy of Dean Rusk at Georgia Law and, indeed, on American foreign policy.

Secretary Rusk's remarkable life story, in fact, encapsulates the development of 20th century American foreign policy. Following an impoverished but sound Georgia upbringing, Rusk worked his way through Davidson College where he earned a Rhodes Scholarship and witnessed first hand, during his time at Oxford, the ominous Nazi rallies and Hitler speeches of 1930s Germany. In the 1940s, he was summoned to active duty in the U.S. Army where he served on the staff of General Joseph Stilwell in the China-Burma-India theater during World War II. There, he took part in the allied effort to support the British, Chinese, and even Ho Chi Minh's Indochinese forces against the Japanese aggressors in the region. At the end of the war, Rusk was transferred to the War Department General Staff in Washington where, under Army Chief of Staff George Marshall, he helped plan the postwar occupation of Germany, the terms of surrender and the occupation of Japan, and the launching of the United Nations.

When President Harry Truman asked General Marshall to become secretary of state in 1947, the general brought Rusk with him to head up the State Department's section in charge of all dealings with the newly created UN. His office was intimately involved in drafting the UN Charter; supported Eleanor Roosevelt, as head of the UN Human Rights Commission, in producing the Universal Declaration of Human Rights; and, among other issues, provided advice on the Marshall Plan, for rebuilding post-war Europe, and the Palestine question, which resulted in the creation of the state of Israel. Later, under Secretary of State Dean Acheson, Rusk was in charge of Far Eastern affairs at the time of the Korean War, and was intensely involved at the highest levels with the policies relating to that conflict.

Dean Rusk, in the words of the title of Acheson's memoirs, was "present at the creation" of the modern American foreign policy, which created the post-war institutions to contain the new communist threat—principally the Soviet Union—through collective security and laid the foundation that ultimately won the Cold War. Fundamentally, this foreign policy was inspired by the monumental and tragic consequences of the failure to contain the militant fascist imperialism of the 1930s, which Rusk witnessed first hand in both Europe and Asia.

When Rusk became secretary of state himself, under Kennedy and Johnson in the 1960s, this policy was put to the severest test during the height, and most uncertain period, of the Cold War—with both successes and well-known failures resulting. The

failure to overthrow Fidel Castro in the Bay of Pigs disaster was one, which although set in motion under President Dwight Eisenhower culminated with Kennedy accepting full responsibility during his first 100 days in office. The Vietnam War—considered by most historians (and this student and admirer of Rusk) as the greatest mistake of this period—arose from a direct, if ill-conceived, product of the containment policy to defeat the same enemies who had ensnared Eastern Europe, invaded South Korea, and threatened security in other parts of the world. Unlike those of us who came to see the North Vietnamese as fighting a nationalistic civil war with aid from outsiders, Rusk saw the war through his personal, historic perspective as part of a world revolution seeking to take over Southeast Asia and beyond, and he held that the U.S. was committed by collective security agreements to defend against it. Although he never changed his mind on this point, he recognized that his students' generation had a different perspective. He simply cautioned them not to "reject the mistakes of their fathers only to adopt the mistakes of their grandfathers."

While Vietnam may dominate how we remember Rusk's time in office, his tenure included dynamic successes as well. The earliest success came during the Cuban Missile Crisis in 1962, which established credibility for the young Kennedy administration's foreign policy team in dealing with the Soviet threat in a balanced and effective manner. As summed up in Rusk's famous quotation at the culmination of the crisis, the two sides were: "eyeball to eyeball, and the other fellow just blinked." Yet the proudest of Rusk's accomplishments, as all of his students can affirm from having heard him mention it at least once, was helping to add eight more years to the time since a nuclear weapon had been fired in anger—no small feat during the peak of the Cold War period. For Rusk, the Cuban Missile Crisis drove home the fragility of nuclear peace during this period, and nuclear arms control became a top foreign policy concern in the Kennedy and Johnson administrations. President Kennedy considered the Limited Test Ban Treaty, which Rusk signed with Nikita Krushchev in 1963, his proudest achievement. In the Johnson years, the Nonproliferation and Outer Space Treaties were signed, and significant negotiations were initiated on banning anti-ballistic missile (ABM) systems, which were completed in the Nixon administration.

Arms control continued to be a passion for Rusk during his retirement years. Although he maintained a careful policy of not criticizing his successors in office or their administrations, he could not restrain himself when President Ronald Reagan proposed his Strategic Defense Initiative (SDI), dubbed "Star Wars", which he saw as reversing previous arms control efforts. In his memoirs, *As I Saw It*, written with his son, Richard Rusk, he said, "SDI is one of the major blunders of the postwar period. . . . In a nutshell, spreading the arms race into outer space is politically inflammatory, militarily futile, economically absurd, and aesthetically repulsive. Otherwise, it is a great idea." In a 1985 forum of former secretaries of state—a predecessor of the one included in this volume—Rusk explained with his inimitable eloquence that he opposed the so-called Star Wars program so that "our grandchildren can look up into

the great universe and reflect with the psalmist that the heavens declare the glory of God, and not the folly of man."

The postwar American foreign policy launched under President Truman was maintained in the succeeding administrations of both political parties until after the collapse of the Soviet Union in the early 1990s. In the years since, new threats have emerged as the United States has claimed the role of the sole world superpower. Considering such diverse new international phenomena as the tragic terrorist attacks of 9/11, the potential proliferation of weapons of mass destruction, the challenges of globalization and global warming, the emergence of China as a dynamic economic power, and the fallout from the Iraq War—to name a few—obviously, American foreign policy demands a comprehensive new focus to meet the challenges of the 21st century.

Our purpose in hosting the conference and lectures published in this volume was to provide a forum for developing that focus. In so doing, it is our intent that the advice and counsel of the former secretaries of state and speakers in this volume—each of whom has been, directly or indirectly, impacted by the life of Dean Rusk—will bring us closer to being "present at the creation" of a post-modern American foreign policy equipped to deal with the challenges ahead. We hope that this publication, under the auspices of the Center that bears his name, will have an impact that is worthy of the legacy of Dean Rusk.

ABOUT THE SPEAKERS

The Report of the Secretaries of State: *Bipartisan Advice to the Next Administration*

Secretary Henry Kissinger Served under Presidents Richard Nixon and Gerald Ford (1973–1977). Prior to becoming Secretary of State, Dr. Kissinger served as National Security Advisor under President Nixon and pioneered the policy of détente with the Soviet Union. As a part of this strategy, he negotiated the Strategic Arms Limitations Talks, which resulted in the SALT I Treaty and the Anti-Ballistic Missile Treaty. Dr. Kissinger was awarded the 1973 Nobel Peace Prize along with Le Duc Tho for their work in negotiating the ceasefire contained in the Paris Peace Accords. At present, Dr. Kissinger is Chairman of Kissinger Associates, Inc., an international consulting firm.

Secretary James Baker, III Served under President George H. W. Bush (1989–1992). Secretary Baker has served in senior government positions under three presidents. In 1975, he was Under Secretary of Commerce for President Gerald Ford and was Treasury Secretary to President Ronald Reagan from 1985 to 1988. Currently, Secretary Baker is a senior partner in the law firm of Baker Botts. He also serves as Honorary Chairman for the James A. Baker III Institute for Public Policy at Rice University and is on the board of the Howard Hughes Medical Institute. Additionally, Secretary Baker serves with Secretary Christopher on the National War Powers Commission.

Secretary Warren Christopher Served under President William J. Clinton (1993–1997). Secretary Christopher began government service in the Supreme Court as law clerk to Justice William O. Douglas in 1949. From 1967 to 1969, Secretary Christopher served as Deputy Attorney General of the United States, and, from 1977 to 1981, as Deputy U.S. Secretary of State. Since 1950, in between periods of public service, Secretary Christopher has practiced law with the firm O'Melveny and Myers. He became the firm's Senior Partner in 1997. He is currently Co-chairman of the Pacific Council of International Policy, Co-chair of the National War Powers Commission, Instructor of the UCLA Undergraduate Honors Program and a member of the Los Angeles Civic Alliance.

Secretary Madeleine Albright Served under President William J. Clinton (1997–2001). Dr. Albright was the first female Secretary of State and became, at that time, the highest ranking woman in the history of the U.S. government. From 1993 to 1997, Dr. Albright served as the U.S. Permanent Representative to the United Nations and as a member of President Clinton's Cabinet. She currently serves on the boards of a wide variety of national organizations and is a Principal of The Albright Group LLC, a global strategy firm, and Chair and Principal of Albright Capital Management LLC.

Secretary Colin Powell Served under President George W. Bush (2001–2005). He also served 35 years in the U.S. Army, rising to the rank of Four-Star General and serving as Chairman of the Joint Chiefs of Staff (1989–1993). Currently, General Powell is a strategic limited partner at Kleiner Perkins Caufield & Byers, serves on the Board of Directors of Revolution Health Care and is Founder of the Colin Powell Center for Policy Studies at City College of New York.

General Powell is also working on raising funds for the Martin Luther King, Jr. Memorial in Washington, D.C., and for the construction of an education center for the Vietnam Veterans Memorial.

Moderator

Terence Smith Became media correspondent and senior producer for The NewsHour with Jim Lehrer in 1998. Prior to that, Mr. Smith spent 20 years as a national and foreign correspondent and editor with *The New York Times* and 13 years with *CBS News*.

A Balanced View of American Power

Lee H. Hamilton Is currently the president and director of the Woodrow Wilson International Center for Scholars and director of the Center on Congress at Indiana University. The former Congressman represented Indiana's 9th congressional district for 34 years, beginning in January 1965. Hamilton previously served as vice-char of the 9/11 Commission and co-chaired the 9/11 Public Discourse Project to monitor the implementation of the commission's recommendations. In 2006, he was named co-chair of the Iraq Study Group, created at the urging of Congress and charged with providing a forward looking, bi-partisan assessment of the situation in Iraq.

The Rise of China: *Political and Economic Implications*

Daniel R. Fung The first person of Chinese extraction to serve as Solicitor-General of Hong Kong—doing so in the years 1994–1998—straddling its reversion to Chinese sovereignty, Daniel Fung is Senior Counsel of the Hong Kong Bar specializing in constitutional and commercial law and the Chairman of Des Voeux Chambers. Mr. Fung is a national delegate to the Chinese People's Political Consultative Conference and serves on the World Bank International Advisory Council on Law & Justice. Mr. Fung was appointed Queen's Counsel in 1990, and served from 1985–1990 on the Basic Law Consultative Committee leading to the promulgation of Hong Kong's constitution.

Who Runs Who: *Does Europe Follow the U.S., or the U.S. Europe, on Major Policy Issues?*

Diana Wallis Was elected to the post of Vice President of the European Parliament in January 2007. In doing so, she became the first Liberal Democrat and the first British female of any political persuasion to be elected to the post of Vice President of the European Parliament. She has been an MEP since 1999. She is one of six Members of the European Parliament from the region of Yorkshire & the Humber, but the only Liberal Democrat. Re-elected Leader of the 12-strong Liberal Democrat European Parliamentary Party (LDEPP) in June 2006, Diana stood down from the post after becoming a Vice-President of the European Parliament in January 2007.

The Report of the Secretaries of State: *Bipartisan Advice to the Next Administration*[*]

Secretary Henry Kissinger, Secretary James Baker III, Secretary Colin Powell, Secretary Warren Christopher, and Secretary Madeleine Albright

Moderated by: Terence Smith

Terence Smith: Greetings. I'm Terence Smith and welcome to the 16th report of the former secretaries of state brought to you by the Southern Center for International Studies and the University of Georgia School of Law. The program is being held in commemoration of the 30th anniversary of the Dean Rusk Center for International Law. Joining us today in Athens, Georgia are five former secretaries of state; three served in Republican administrations, two in Democratic: Henry Kissinger, who served under Presidents Nixon and Ford; James Baker, [who served in] the George H. W. Bush administration; Colin Powell, who served during the current Bush administration's first term; Warren Christopher, who served during President Clinton's first term; and… Madeleine Albright, who served in President Clinton's second term.

Today, we are facing an historic election between the first African-American or female nominee of a major party and a long-time senator and Vietnam prisoner of war. The United States is also immersed in two wars—one in Iraq and one in Afghanistan—and faces many complex issues around the globe, from the rise of China to fears of collapse in global financial markets. According to international public opinion polls, the U.S. reputation and standing in the world is at an all-time low. Our goal here, today, is to tap the wisdom and extraordinary experience that we have around this table and provide some bipartisan foreign policy advice to the next administration. Polls suggest that over half of the world's citizens believe the U.S. is playing a mainly negative role in the world and that less than a third feel that the U.S. role is largely positive. So, the question: What can, or should, a new president—Secretary Powell, let me put this to you—do to repair the U.S. image abroad?

Secretary Colin Powell: Our image abroad has dropped significantly in recent years. I think the controversy surrounding the Iraq conflict and inability to move forward in the Middle East peace process have contributed significantly to that. I think the world also has come to believe that, perhaps, this administration has spoken a little

[*] This conference was presented by the Dean Rusk Center and the Southern Center for International Studies, in commemoration of the 30th anniversary of the Dean Rusk Center, on March 27, 2008 in Athens, Georgia. An edited one-hour video of the program is available for viewing at: www.uga.edu/ruskcenter/conferences.html.

too harshly in a unilateral way, even though I can make the case that it's been quite a multilateral foreign policy we have had—with the expansion of NATO [North Atlantic Treaty Organization]; with participating in a number of multilateral efforts to resolve conflicts or potential conflicts; nuclear weapons programs in Iran and North Korea. So, I can make that multilateral case, but in the public imagination around the world the administration has gained the reputation of speaking too harshly, backing out of international agreements, and things of this nature.

I think it will begin to change with a new president no matter which of these three candidates win. You get a reset at that time. And, if that new candidate begins by reaching out as a new president to all of our friends and allies around the world—not only convey our points of view and what we believe in, but listen and hear what we are listening to, actually hear it and act on it and show that kind of comity to other nations in the world—we'll begin to turn that around.

Terence Smith: You're suggesting that we haven't listened very well?

Secretary Powell: We haven't listened as well as we might have. I would also suggest that, hopefully, the new president will see an improving situation in some of these conflict areas, particularly Iraq. We can talk about that in the course of the day.

One point I do want to make, though: There is still a solid reservoir of respect and affection for the United States of America. I think all of my colleagues would agree with me when I tell you that in every consular office this morning there is a line throughout our system. When people get to the front of that line and they look across that counter to our consular office, they all say the same thing: I want to go to America. When you see the great diversity of this country, when you see immigrants who are trying to come here from all over the world—look at the immigration problem we have with unlawful immigrants—we are still that nation that is the draw; that is the power. And so, I think that the situation we find ourselves in now is reversible, and that will begin with a new president.

I think there are some things a new president can do right away that will begin to return us to a more favorable position. For example, I hope that the new president—and it seems it will be the case—will close Guantanamo immediately, and by closing Guantanamo saying to the world: We are now going to go back to our traditional respective forms of dealing with people who have potentially committed crimes.

Terence Smith: Because you believe that's been damaging to the image abroad.

Secretary Powell: It has been very damaging.

Terence Smith: All right. Let me ask Secretary Kissinger, (A), if you agree with that, and, (B), how important is it, this issue of how the U.S. is viewed abroad? How does it affect or impact U.S. national security?

Secretary Henry Kissinger: The polls support what Colin has said: That there is considerable criticism of the United States. At the same time, one has to ask one's self what the underlying cause of these criticisms are. Some of it is due to American actions, but some of it is also due to structural changes that are going on in other parts of the world. For example, in Europe the role of the state is no longer what it used to be, so Europeans' governments cannot ask their people to make sacrifices that American presidents can [of their people].

Terence Smith: Sacrifices like sending troops to Afghanistan?

Secretary Kissinger: Take Afghanistan; NATO voluntarily, without actually being asked by us—if I remember, if that's correct—invoked Article 5 of the NATO treaty. But, when it came time—and we didn't even pick it up right away—to ask for their support, it appears that many of the European governments cannot ask their people to send troops, to run risks. That is partly a problem within these [European] societies and not something that can be fixed by consultation. Russia is another special case where its own internal evolution produces a certain momentum. So, I think one has to separate the parts of the world in which the United States might have acted more wisely from parts of the world where there are evolutions going on. As a general proposition, I agree with Colin [that] one would like to see the United States emerge in a position where it could mobilize a broader range of support than is the case right now.

Terence Smith: Secretary Albright, do you agree with that, that's a task for the new president?

Secretary Madeleine Albright: Absolutely. I think that the next presidency is going to be one of the most difficult we've ever seen. I personally have never seen the world in such a mess. I am the youngest one up here, so the others may disagree with me. *(Laughter)*

Terence Smith: It's cruel of you to point that out.

Secretary Albright: Right. But, I don't think I have ever seen it like this, and I think that the next president is going to have a very big job. I think a lot of it does have to do with our actions, and Colin, I think, has described those. But, also, you asked what does it matter to us, and I think it matters in the following way: Since [the job of] the president and the secretaries of state… is to protect the national security of the United States, it hurts us if we are so disregarded or maligned because we're not able to get the kind of support we need for whatever the issues are, whether they are going into Afghanistan or dealing with a financial crisis or dealing with climate change issues. And so, it does matter—not whether we're loved; I don't care whether we're loved or not. I think, though, we need to be respected, and not necessarily just feared for doing the wrong thing. And, I would hope that one of the first things that the next president would do would [be to] not only close Guantanamo—and I totally agree on that—but also make very clear that we will rejoin or lead an effort on climate change, because

the first thing that happened [in] the Bush administration was to pull out of the Kyoto [Protocol] which gave a signal that we weren't interested in that kind of international cooperation, and I think that's part of what has to happen.

Terence Smith: Secretary Baker?

Secretary James Baker, III: I think it's regrettable, frankly, that Madeleine is so young that she didn't live through the cold war… *(Laughter)* But, I tend to agree with much of what's been said here. I disagree, respectfully, Madeleine, with your comment about Kyoto because we were there under the first Bush administration when Kyoto was negotiated—was being negotiated—and we would not sign it because it was a bad treaty for the United States of America. So bad, in fact, that the Senate preemptively voted 95-to-nothing to turn it down… On the other hand, I agree with you completely that the next president should lead an effort among the nations to try and do something about climate change. A lot of the problems that face the country today are not discrete with respect to specific areas of the world. They are transnational problems dealing with terrorism and global climate change and trade and economic issues, and that's the kind of thing the next president is going to have to deal with.

Terence Smith: Secretary Christopher, tell us your view and tell us as well your view on Secretary Powell's suggestion on Guantanamo.

Secretary Warren Christopher: You know, the United States is in a very troubled time. I'm one of those who thinks that in order to be strong abroad, we have to be strong at home; not just militarily, but economically as well. And, I see our domestic economy as a severe problem for us around the world. I see the dollar, the weak American dollar—and if you don't believe me, just go to Paris or London for a few days. The weak American dollar is kind of a metaphor for me for the weakness of America abroad, and that's beginning to hurt very badly. I think one of the things the new president ought to do is to try to get our economic house in order.

When I joined the Clinton administration in 1993, we were in economic doldrums at that time, and countries like Japan were kind of raising eyebrows about our condition over here and wondering if we would manage our economy. We're facing that same kind of issue again today. Our credibility is being doubted abroad, so I think one of the things we have to put on the agenda of the new president is to find ways to strengthen the American economy and to move forward in a way that gains us credibility. You know, after we—after the Congress passed the Deficit Reduction Act in 1993, by a one-vote margin, I just found a real perceptible effect on my ability to be effective abroad because, once again, the United States had credibility. On Guantanamo, Terry, I agree completely with Colin Powell.

…

Secretary Kissinger: I want to add something to what Jim Baker said because the cold war was not such an idyllic period of Allied cooperation. The first diplomatic assignment I ever had—shows you how old I am—was in 1961 when President [John F.] Kennedy asked me to see Chancellor [Konrad] Adenauer and calm him down about some of the disputes that had arisen on the Berlin issue. I made an eloquent presentation with the American ambassador sitting next to me, and the chancellor said, "They already told me that in Washington. I didn't believe it there. Why did you think I would believe it here?" *(Laughter)* So, we then calmed—it's an issue that was calmed down. All I'm—and then Kennedy went to Berlin and made that great speech in time. All I'm saying is disputes across the Atlantic are not unique. There were huge demonstrations in the early '80s during the period of missile deployment, but it's—it doesn't change the arguments that have been made here.

Secretary Baker: We had many disputes across the Atlantic, Henry, during both Reagan terms and the first Bush term. I would like to add that I do think that our image abroad has in recent months, at least, made a little bit of progress. I know the current—

Terence Smith: Why do you think?

Secretary Baker: Because the current administration, both the president and the secretary of state, have exerted extra efforts to try and repair some of those relationships, and we have, for instance, a government in France today that is very close to the United States—it's not hostile to us; a government in Germany that is close to the United States. So, there's been some—I'm not denying the fact that the 50 percent figure is accurate. I think it is—the one you cited about how we're viewed.

With respect to Guantanamo, let me say: I totally agree with what Colin and Madeleine and Chris[1] have said. I think it ought to be closed, and I think it gives us a very, very bad name—not just internationally. Maybe this is because I'm a lawyer, but I have a great deal of difficulty understanding how we can hold someone, pick somebody up—particularly someone who might be an American citizen, even if they're caught somewhere abroad acting against American interests—and hold them without ever giving them an opportunity to appear before a magistrate and say: Yes or no, or prove that they're not an enemy combatant, if you will. But, that's a legal argument. Anyway, I think we ought to close it.

Secretary Powell: None of us are suggesting these people should be turned loose.

Secretary Baker: No.

Secretary Powell: We're suggesting they ought to be brought into our established legal system to face charges and be given access to the writ of habeas corpus and lawyers and whatever else we give to citizens.

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[1] Throughout the program Secretary Warren Christopher's colleagues often refer to him as "Chris."

Terence Smith: Secretary Kissinger, do you agree with that?

Secretary Kissinger: I agree with the impact that Guantanamo has internationally.

Terence Smith: The negative impact?

Secretary Kissinger: The negative impact. I would like to see it closed, but I would also like to see what the alternative is—what the consequences are when it is closed, because some of the people that apparently are there would be very hard to put into an American judicial system. Supposing one knows from intelligence sources that somebody was one of the chief plotters against the attack on New York or… I would like to know what one does in situations in which there is a clear threat to the security of the United States but which are hard to fit into the American legal system.

Secretary Baker: Picking up on what Colin said and the point Henry made, I don't think any of us are suggesting, either, that these people, the vast majority of them, ought to be given the constitutional protections of an American citizen. We're not suggesting that.

Terence Smith: Secretary Albright?

Secretary Albright: More to the point as to the dangers in the world: I lived through the cold war and I have no nostalgia for it. What I think is, though, in a strange way it was more rational and there was the sense that there was some control over how we dealt with nuclear weapons. The problem that we have now—and it goes a little bit to what Henry was saying—there are non-state actors that we don't know how to leverage our power against. We have the problem of the proliferation of nuclear technology and then a whole host of issues that are harder to handle for the international system.

As we look to the next presidency, I think it's going to be difficult in the fact that the international system that we've all grown up with is out of kilter and that the organizations are strained and that the alliance structures don't quite work the way we thought they would. It's a point that Henry was making. I believe that the next president will have a honeymoon, but a very brief one because some of the whole multilateral system has shifted, different powers have come up. It's going to take—instead of living in the past—it's going to take a different approach where the United States is first among equals, or managing partner or something, but understands that we have to operate in a different kind of a system. I think it's going to take a lot of work of the next president, whoever that person is.

Secretary Kissinger: But, if he has a short honeymoon internationally, which I agree with you, I really think—

Terence Smith: He or she.

Secretary Kissinger: He or she. *(Laughter)* I really think all of us have to make an

effort to make—to give him as long a honeymoon domestically as we can possibly bring about.

Terence Smith: Let us turn to what is almost inescapably going to be topic number one for the new president, whoever he or she may be: the Iraq War. A little bit of background: In March 2003, the U.S. and its allies invaded Iraq and overthrew Saddam Hussein, as we all know. By April 2006, a new constitution had been written, a new parliament elected and a new prime minister named. Since then, however, 4,000 Americans, and an unknown number, possibly hundreds of thousands, of Iraqis have been killed. Over four million Iraqis have fled their homes. Despite a reduction in violence following the January 2007 surge, bloodshed continues. So, let's talk about the choices that will confront the new president in January of 2009. What's a strategy, Secretary Christopher, that makes the most sense to you?

Secretary Christopher: Frankly, I don't like to be in a sort of I-told-you-so mode, or I'm not an I-told-you-so guy, but two and a half months before the war I wrote an op-ed piece opposing the war. Let me just read a couple of sentences from that, if I might:

> Anyone who has worked at the highest levels of our government knows how difficult it is to engage the attention of the White House on anything other than the issues of the day… Even if the optimistic predictions of a quick victory prove to be accurate, we would then find ourselves absorbed with the occupation of Iraq and efforts to impose democracy on the fractious elements of that country.[2]

And so, I'd have to confess I come to this from a somewhat different vantage point. It seems to me that after five years we've had, from the White House, Iraq on the front burner—Iraq all the time. I think, for the health of our country, we need to get past that now. Secretary Baker led a commission that prescribed some very good remedies in that situation which, unfortunately, have not been taken, and I look forward to discussion around the table about how we get out of this. I would have to say this: I hope we learn the right lessons from this very tragic adventure that we've had abroad. I hope we learn that even though we *can* do something militarily, it doesn't mean that we *should* do it. I hope we will find ways to be much more circumspect and much more careful in the future than in the past. The wrong lesson, in my view, would be that we go into a phase of isolationism, giving up our role of leadership in the world. And so, I hope whatever the outcome here that we'll find ways to stay engaged in the world, but, before we take an adventure like this again, that we're very careful to have thought through the adventure and to have an exit strategy underway.

Terence Smith: Let me turn to Secretary Baker and quote something from the Iraq Study Group, which you co-chaired, in which the report read: "Of all the neighbors"

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[2] Christopher, Warren. "Iraq Belongs on the Back Burner." *New York Times*, December 31, 2002, opinion. *Available at*: http://query.nytimes.com/gst/fullpage.html?res=9C0CE3DD153FF932A05751C1A9649C8B63.

of Iraq, "Iran has the most leverage in Iraq"… and could help bring about stability.[3] The report recommends that Iran be actively engaged "without preconditions."[4] Of course, as we know, others argue that Iran is nothing but an obstacle and an adversary. So, should the new administration approach Iran, and how?

Secretary Baker: I'm a great believer, Terry, in—that you negotiate peace with your enemies; you don't negotiate peace with your friends. And, I think you ought to be willing to talk to your enemies. That doesn't mean that you cave and you give in to what they want, but you can handle it in a manner where you're a hard bargaining negotiator. You can be extraordinarily protective of America's national interest and still negotiate with people that you have no like for or a great dislike for.

Terence Smith: So, you would urge the president to conduct direct negotiations in Iran?

Secretary Baker: Well, I think that that certainly ought to be on the table. I happen to believe that with respect to—you see, our report recommended that we start talking to Iran in the same way we talked to Iran about Afghanistan. This… current administration—Colin was… secretary of state—talked to Iran about our common interest in a stable Afghanistan after we went in there, and Iran helped us and cooperated a little bit with us. Colin can amplify on that. We need to do the same thing with respect to Iraq. That's what our Iraq Study Group Report suggested, because a dysfunctional Iraq—chaotic Iraq—is not something that is in the interest of Iran. They don't want that. They'll have a ton of refugees. So, there's every incentive on their part to help us the same way they did in Afghanistan, if we're willing to approach them without preconditions. Now, they may not do it, but what do you lose by giving it a shot. So, my own view is—separating out now the nuclear issue, the issue of Iran's efforts to obtain nuclear weapons, and putting that off to the side where we are dealing with it in the United Nations Security Council in a way that I think we should be —I think we definitely ought to be talking to them with respect to the situation in Iraq. And, maybe we should broaden that in time—if they are willing to talk to us constructively at all —to also include the nuclear issue.

Terence Smith: All right. Does anyone disagree with that?

Secretary Kissinger: Let me—I agree with it, but I would like to elaborate on it because I fundamentally support the [Iraq Study Group] Report. Whatever one thinks of how we got into Iraq, the evolution from now on has to be dealt with in terms of the consequences of whatever action we take and cannot be assessed entirely, or even largely, in terms of what might or might not have been done five years ago. From that point of view, one cannot look at it as being about Iraq. It is now about the

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[3] United States Institute of Peace. *The Iraq Study Group Report: The Way Forward – A New Approach*. Washington, DC, December 6, 2006. *Available at*: http://www.usip.org/isg/iraq_study_group_report/report/1206/index.html.

[4] *Id.*

Sunni–Shiite relationship; it's about the role of radical fundamentalist Islam; about the perception of the other countries in the region. Now, that conflict cannot have a purely military outcome. And so, what one should attempt to do, and this is all an elaboration of what I take to be in the [Iraq Study Group] Report, is to bring about a situation in which there is some kind of a situation inside Iraq that can be sustained by the indigenous—by the various groups there—and that is then supported by the neighbors in the international community. In fact, there exists right now a foreign ministers conference to which all the neighbors have been invited—including Iran and Syria, and to which they come—plus the permanent members of the Security Council. And, I think I've advocated for a long time that [that] ought to be activated in order to discuss this issue.

On negotiation with Iran, I agree with Jim that one has to talk to adversaries, but one should not treat it as a psychiatric problem so that it's just a question of going into a room and creating goodwill. How well we negotiate with Iran depends, in part, on the objective balances that exist in the region. The reason it worked when Colin was secretary is because we had a force in Afghanistan; we were changing the situation, but we recognized that Afghanistan could not be solved without the participation of the neighbors. In that context, it was possible to get an agreement with Iran. Is it possible? I have often—I've now reached a point where I'm quoting myself. That really shows you're getting old. *(Laughter)* If Iran considers itself a cause, then the negotiations will be hard. If Iran considers itself a significant country that wants to be respected, we ought to find a mode of negotiation. I understand the [Iraq Study Group] Report to say: Let's explore this. And, we have to explore it, because if things get tougher we have to be able to tell the American people that we have done everything we can to explore a peaceful evolution of the region.

Terence Smith: It's interesting to me, though, that we're developing, through this process, an agenda of sorts for a new administration: do something about Guantanamo with the assurances you talked about; engage Iran. Secretary Christopher, you wanted to say something else?

Secretary Christopher: I just wanted to add a footnote with respect to Iran. I have a few scars from trying to negotiate with Iran over a 14-month period, and one of the lessons I bring back from that is that there are many vectors of power in Iran, many different channels for opening a dialogue. Too often, we think of Iran in terms of President [Mahmoud] Ahmadinejad, and we fail to take into account the importance of the clerics, leaders like [Ruhollah] Khomeini and long-time leaders like [Akbar Hashemi] Rafsanjani. So, I think we need to explore every one of those vectors of power to try to find an opening and maybe go just a little bit beyond others. I think, over time, we need to have a comprehensive dialogue with Iran, because if we talk about only those things we want to talk about that might freeze the negotiations.

Terence Smith: What a radical suggestion—to actually appreciate some of the cultural differences in the countries we deal with. Go ahead, Secretary Powell.

Secretary Powell: I would like to align myself [with] the position that we should reach out and begin talks with Iran. In the first term of the administration I was talking to the Syrians on a regular basis. I went to Damascus several times. They're not always pleasant visits, but you got to do it. And, sometimes you achieve an objective; sometimes it was just an exchange of views, but you stayed in touch with these folks. We were also building a relationship with Iran after the Afghanistan intervention, as Jim mentioned, because we had a mutual interest to work together. I think that could have been built upon. We kept low level conversations going on with the Iranians through 2003 and then, subsequently, that fell apart and then we stopped talking to the Syrians. The Syrians and the Iranians live in that neighborhood. They're an essential part of any solution, and we have to find ways of talking to them. I prefer to start with the term: 'talking to them,' rather than: 'we're here to negotiate a specific issue and that's all we're here for.' You have to start talking to people then you can begin to negotiate specific issues.

On Iraq itself, if I may, all three candidates will face the same problem next January: a United States Army and a United States Marine Corps that cannot keep up this level of deployment. It is a serious problem. And so, my best judgment is that no matter what is being said right now, the drawdown will have to continue if for no other reason than it is not sustainable with the size military that we have.

The other thing that I would like to say is that we have to have a clear understanding of what the problem is. Al Qaeda is a terrible organization, it does terrible things, and it's there in Iraq. It wasn't there before, but it is now. But, even if you got rid of Al Qaeda totally, you have the basic underlying problem which is not Al Qaeda. There is a conflict taking place between the Shias and the Sunnis—and within the Shias—for power and survival and for control of the country. There's just so much we can do with the United States Armed Forces to resolve that conflict or even contain it. Sooner or later—and the next president will have to face this issue—you've got say to them: It's yours to resolve; there's a limit to what we can do. The [Iraq Study Group] Report discussed this in considerable detail. It advocated a policy of: Let's start disengaging somewhat; not go away, not cut and run—no president will find that to be an acceptable policy, no matter what they might say during the campaign season—but to put more of the burden on the Iraqis to resolve the political issues that are causing the conflict and to increase the capacity of their security forces. I don't think it's sustainable for 140 or 150 thousand American soldiers to just sit there forever, fighting Shias one day, fighting Sunnis the next day. It has to be passed off to the Iraqis, because all the crises we are talking about now are from this administration to the next. I can assure you that there are several crises awaiting the new administration, surely, after they take over.

Terence Smith: Secretary Albright?

Secretary Albright: Let me say—I teach a course, and I say to my students that foreign policy is just trying to get some other country to do what you want. You basically—the new president will come in and open the national security toolbox.

And, it deals with the issues that we're talking about here. I think that what has to happen is we have to understand what diplomacy is really about; that it is talking to your enemies, not necessarily negotiating, and trying to figure out how you deliver a tough message—not see diplomacy as appeasement, which is part of what has been happening. And then, also, to try to figure out what is the appropriate blend of force and diplomacy. We all, in some form or another, have been involved in that discussion. Secretary Christopher was talking about, you know, to what extent do we have an exit strategy, to what extent do we see ourselves as pulling in and being isolationists. I think we have to think about what the role of the U.S. should be, which I believe is: Actively engaged and using all the tools in the toolbox; which is to try to have diplomacy, which would also be multilateral. That goes to the point that Secretary Kissinger was making.

I believe we needed a surge in diplomacy around Iraq—trying to get other countries to understand that it is in their national interest as much as in ours to try to resolve the situation in Iraq, because, as Secretary Powell was saying, it's very hard for us to stay there. But, we also have to figure out what our—how to use the United Nations on the sanctions; how to find what we have in common with the Iranians because we do. I think that we need to focus ourselves on how the next president uses that array of tools in the toolbox and allows a mix and match, and that is what—I think it's a big lesson as to how we dig ourselves out of this hole of Iraq and a bad reputation. [It] has to do with using all the tools in the toolbox.

Secretary Baker: Much of what has been said by Colin and Madeleine is called for in the 50-page Iraq Study Group Report. One of the things we called for is a new diplomatic offensive in the region. We also say in there that we would support a surge, provided the commander on the ground called for it. There has been a surge. The president ordered it. It has shown that it has tamped down the security, but, of course, we're not out of the woods, yet, by a long shot. We refused to say—we had a very vigorous debate. This was a bipartisan commission with five very prominent former Democratic public servants and five very prominent former Republican public servants, and we talked a lot about—we debated a lot exactly what's being debated now in our presidential campaign: Whether or not to set a date; set a date for withdrawal—we refused to do that. I think one of the worst things we could do when we start thinking about Iraq is to somehow say: Well, we need to get out of there come what may. Colin makes a very good point just by virtue—

Terence Smith: He's saying you're going to have—

Secretary Baker: We're going to have to draw down; that is going to have to happen, but that's far different than setting a date and a precipitous withdrawal.

With respect to Syria, if you look at the Iraq Study Group Report, we devote quite a few pages in there to the idea that we think—at least we thought, our commission thought—we could flip Syria. With proper diplomacy—if the United States made it clear to them that we could bring them back into the community of nations, if

you will, and they could get on semi-good terms again with the United States—we could flip them away from Iran. I still believe that is possible to do. That may be something—hopefully, it will be something—that the new president will want to try and do and really do it aggressively.

Terence Smith: There's another quote from the Iraq Study Group Report that moves us a little bit. It says: "The United States cannot achieve its goals in the Middle East unless it deals directly with the Arab–Israeli conflict."[5] So, the question is: Do you agree with that and what is it that you envision would come of that, Secretary Kissinger, if it did, if this country did?

Secretary Kissinger: There's a strange aspect about the Arab–Israeli situation right now with respect to the Palestinian issue. In most of the previous negotiations the problem was to get a negotiation started, and you didn't really quite know where it would end once you got it started. Now, there is a pretty clear idea what the outcome of a negotiation will be, but you don't have parties to execute it, especially when so much depends on the security outside. Yes, we should be active in the—in that negotiation. As a practical matter, one has to involve the Europeans and the moderate Arabs in order to get guarantees for the security aspects that have to be part of such an agreement. I think the borders and the Arab part of Jerusalem should be part of the settlement. It's tacitly understood there will still be big disagreements about it, but I think the outline of the agreement is pretty clear. The two unsettled issues are: Is it possible for the return of refugees to be limited to the Palestinian side? And, secondly, what is the security arrangement that prevents an outbreak in the Palestinian state of events like Gaza? That cannot be done by the local people alone. That requires some kind of international presence.

Terence Smith: Well, Secretary Christopher, you talked earlier about needing to deal with difficult groups and even those who [we] dislike. Would you apply that to Hamas, to Hezbollah—non-state groups that nonetheless are big players in this whole equation?

Secretary Christopher: Terry, let me back up a little bit and say that I think what is needed most of all, or at least very much, in the Israeli–Arab situation, is to have U.S. engagement again. Secretary Kissinger launched this in his term and did it so very, very well, and Secretary Baker followed brilliantly with the Madrid [Conference] that made possible some other achievements there—an agreement between Israel and Jordan. So, we must get back to engaging the United States at the highest level—not just parachute trips in but real engagement. I think that is really the first step and a precondition. And, I think when this administration, the current administration, walked away from the situation in 2001—trying to leave it to the parties—that just did not work out very well.

Now, with respect to Hamas—that's a very tough question, but I guess where I

[5] *Id.*

come down on that, Terry, is to say it's very hard to make peace with half of the Palestinians. And, until we get all the Palestinians involved, we probably will not have a reliable peace. Now, I was very glad to see that the current administration is beginning to reach out to Hamas through the Egyptians, and that may be the right route to go because they're very difficult to deal with, and we certainly do not want to get ourselves crossways with our longtime ally, the Israelis. But, I think they could be brought to feel that we need to have a peace with all of the Palestinians. A peace with half the Palestinians is not going to be very stable.

Secretary Kissinger: But, on the other hand, it's not an unreasonable proposition to say that a party during negotiation should accept the existence of the other party.

Secretary Christopher: Of course, I agree with you completely. That's why it's tough.

Terence Smith: How do you deal, though, with a group with its stated policies?

Secretary Baker: Let me suggest a way around that conundrum. In 1991, as we began to look at the possibility of convening an international conference to deal with the Arab–Israeli problem—not just the Israeli–Palestinian problem—we did not speak to the Palestine Liberation Organization [PLO]. It was a terrorist organization. I never had one meeting as secretary of state with Yasser Arafat. We wouldn't speak to Yasser. We didn't meet with him. Madeleine kissed him, but we wouldn't do that. *(Laughter)* We were foreclo—

Terence Smith: Great for romance.

Secretary Baker: It was a very short romance. *(Laughter)* We were foreclosed from doing that. So, what did we do? We found some Palestinians from within the territories who were not officials of the PLO but who supported the PLO and who, in fact, took their marching orders from the PLO and Yasser Arafat. We did this with the concurrence and approval of our Israeli friends. The majority, as I understand it today, of Israelis—you take a poll—most of them are very anxious for a secure peace with the Palestinians and their Arab neighbors, and they would be willing to find a way to talk, as I understand it. We are, perhaps, right now more Catholic than the Pope on that issue.

I would suggest that we take a look at what worked in 1991. It was a construct that gave deniability to all the parties—gave deniability to the United States. In fact, gave deniability for that matter to the PLO, who didn't want it, [and] also gave deniability to the Israelis. And it worked. We ended up getting all of Israel's Arab neighbors to come to the table for the first time ever to negotiate peace with her. I think something like that might work today. Now, maybe that's what's happening, Chris, with respect to the overtures to Egypt. I hope that it is. I would argue that the administration, particularly in the aftermath of the Iraq Study Group Report, is now hands-on with the Arab–Israeli issue. They had the Annapolis Conference. The president himself has been engaged. But, it is going to be next to impossible to achieve a secure agreement

when you only have one-half of the Palestinian polity at the table.

Terence Smith: So, this is going—I mean, the president, for the record, has set a goal of achieving it by the end of his term and is working to that end, and I believe he's scheduled to visit the region again soon. And yet, I wonder how feasible that is. It sounds as though you're suggesting it will be there for the next president.

Secretary Albright: I can't—

Terence Smith: Go ahead.

Secretary Albright: —let this go. I did—one of the things that distinguished me from all of you is that I did develop the art of diplomatic kissing. *(Laughter)* The bottom line, though, is that we were not able to deal with the PLO until you, Jim, as a result of your excellent work, were able, in fact, to bring them in. And then, Chris—on that great White House lawn ceremony we were able to bring some result to the Palestinians dealing with the Israelis. I think that we need to be much more supportive of Mahmoud Abbas. He and Salam Fayyad, the prime minister, are people that are trying to deal with the issue, and they need to be able to show that they can deliver.

Terence Smith: Well, what do you mean by much more—

Secretary Albright: Well, I think—

Terence Smith: —supportive? We're already supporting them.

Secretary Albright: —economically they have to show that democracy can deliver to them. And, part of the reason that Hamas did as well as it did in the elections in Gaza was that they were performing constituency services and giving various things: job creation, the economic aspects of [the] Annapolis [Conference]. I was in the Middle East right after [the] Annapolis [Conference], and everybody was very excited about it. The question is whether the pledges that have been made—whether there really has been a way to work through what that process was promising.

I also can [say], speaking on behalf of somebody who might be president, that the bottom line is anybody will be eager to implement an agreement that President Bush can work out. I think that it's—people would love to see that happen. And, I think that the question is how to give enough strength to Mahmoud Abbas to be able to go forward; use some of the ideas that Jim has just stated in terms of working through some groups that are deniable—I guess is the way you put it—or what Chris was saying with the Egyptians, because there has to be some way to break this logjam. But, I don't think we should give up on Mahmoud Abbas.

…

Secretary Powell: I kissed Arafat, too.

Terence Smith: You kissed Arafat? *(Laughter)*

Secretary Powell: For the benefit of those in the audience, this is a very, very typical Middle Eastern way of greeting somebody. *(Laughter)* We tried hard in the first months of the administration to get something started, and I met with Chairman Arafat a number of times. And, to be blunt, he couldn't deliver; he couldn't deliver. And, you never knew when he was telling the truth. He would look you right in the eye and say: I will do exactly what you have said, General. You're a general. I'm a general. I will obey. As soon as I left the room, I knew it was just more nonsense. And so, we concluded in June 2002 that this was not sustainable, and the president made his famous speech in June 2002 which said: We need more and new responsible leadership—and they responded to that; that's how Mahmoud Abbas has become now president, first prime minister, now president. But, you have to be engaged. You have to find a way to deal with Hamas. Hamas was elected as the result of an election we insisted upon. A lot of people said: You don't want to do this.

Terence Smith: And that many regard as something that backfired.

Secretary Powell: We put them in political power.

Terence Smith: Made them do it.

Secretary Powell: Made them do it. And so, you have to find clever ways to talk to them. Dr. Kissinger's reservations about talking to Hamas, as [a group] dedicated to the destruction of Israel, requires response in the kind that Jim talked about. You get a cut out. There are ways to launder this. It can be done. And, maybe not just with Egyptians, but with some Europeans who agree to do it; has to be done.

Terence Smith: I would be remiss if I let this go by without going back to something you mentioned at the very beginning, which was the situation in Afghanistan. After all, this was the first initiative after 9/11, and I think it needs some definition from people with your experience of what you believe the U.S. end goal should be in Afghanistan. Is it to eliminate Al Qaeda and the Taliban? Is it to establish a democracy? Is it to rebuild a nation? Is it all of the above? What is it, and what should it be for the next president? Secretary Kissinger?

Secretary Kissinger: You know, you're not obliged to start with me. *(Laughter)*

Terence Smith: That was Hillary Clinton's complaint in a recent debate.

Secretary Kissinger: You know, I find Afghanistan intellectually tougher than Iraq. When you say: Make Afghanistan democratic… that is a project for—it's a long project. Afghanistan has been an independent country governed by various warlords balancing their domains and their jurisdictions and uniting primarily

when some foreign invader came in, and making life very hard for them. We were involved in Afghanistan, originally, in the war because Al Qaeda's headquarters and training operation was in Afghanistan. So, we have a national interest in preventing this from arising again; so should Iran, because Al Qaeda was threatening Iran; so should Pakistan; so should Russia; so should China. I must tell you, frankly, I don't know exactly what to do in Afghanistan, except that I do not believe it is possible to democratize Afghanistan through a military operation. I would be content with creating a stable situation which its neighbors are willing to sustain and in which everybody agrees that the fundamentalist Islamic group will be suppressed. Then, from that base we should, of course, encourage human rights, rights of women, and all the other things we cherish. But, I don't think we can do this as part of a continuing military operation for which we are alone or primarily—

Terence Smith: You're suggesting that stability should not be a dirty word. It can be an objective in foreign policy.

Secretary Kissinger: Yes. It's, I think, the only objective we can reach in the short-term or in the medium-term in Afghanistan.

Terence Smith: Secretary Powell?

Secretary Powell: In some ways, I think, as does Henry, that Afghanistan is going to be more difficult in the long run than Iraq.

Secretary Kissinger: That's what I think.

Secretary Powell: Iraq is a country that used to have institutions. It has an educated middle class. It has an economic base that has to be restarted. [It] used to be one of the wealthiest nations in that part of the world some 30-or-so years ago. Afghanistan is still driven mostly by tribal warlords, as they are called, and it is not going to be a Jeffersonian democracy in the lifetime of anybody in this room. So, what do we want? Henry touched on it. Jim touched on it. We want stability and security and a good relationship with us—whether they look like Jeffersonian democrats or not—I would accept just that for now. We have to do something to bring this about—have to do something about the drug problem that is eating up the country and will eat up its nascent democracy because of the corruption involved in it. You've got to do something about banging down the Taliban and Al Qaeda. And, you can't talk about stabilizing Afghanistan without talking about what's going on in Pakistan.

Terence Smith: Well, precisely, and I indeed want to turn to that, if you'll bear with me for a minute on that, in effect, to move further into the South Asian subcontinent. Pakistan has faced significant violence and political turmoil in recent months, including the assassination, of course, of the Former Prime Minister Benazir Bhutto. So, I wonder what advice you would give the next administration in dealing with Pakistan and specifically the issue of President [Pervez] Musharraf. Secretary Albright?

Secretary Albright: Well, first of all, I think Pakistan contains everything that gives you an international migraine. *(Laughter)* It has nuclear weapons; it has poverty, extremism, corruption, and a lack of [a] sense of where its democracy is going. It is of concern also because it is a staging area, obviously, for dealing with Afghanistan. I think, though, what I find very supportive at the moment are the elections in Pakistan. And so, one of the issues that I think we have kind of set up here—as if there were a dichotomy between stability and democracy. I don't always agree that it has to be a Jeffersonian democracy, but there are, either in Afghanistan and also now in Pakistan, signs that the people want to take a hold of it. I see no reason why the U.S. shouldn't be supportive of that, which is different than imposing some kind of sense of democracy.

The Pakistani people have spoken quite strongly, and I personally think that President Musharraf's days are numbered. But, it will be interesting to see. I think the U.S. and the next president should align herself *(Laughter)* —or himself—with the Pakistani people. There are not a lot of countries where you see lawyers demonstrating in ties—and kind of a sense that the Pakistani people want to take their country back. It's a very complicated place, and all those migraine symptoms are there, but I think there is hope with Pakistan.

Secretary Baker: Do you think that the new prime minister of Pakistan should begin a dialogue with the militants?

Secretary Albright: I think that they need to. First of all, the relationship with the militants is so peculiar, and in terms of—and one of the problems, frankly, Jim, you know better than I do even, is the fact that the military and some of Prime Minister Nawaz Sharif's people dealt with a lot of the militants. There [are] a lot of cross-cutting issues, but I think they're going to have to start talking to them—

Secretary Baker: I thought it was interesting to see that they are suggesting they're going to do that, which is a new approach and one that on its face would appear not to appeal to us but it may have some utility. I don't know. But, I think what we ought to do—I agree with everything Madeleine said. I think we ought to continue to do what we can to encourage the [Pakistanis] to fight Al Qaeda and the Taliban in every way they can, because they will not get their country back if it ends up being turned over to that kind of government.

Terence Smith: And with a figure like President Musharraf, what do you do? The United States has invested a tremendous amount of capital, political and otherwise, in this figure, and yet, as Secretary Albright suggests, his days—his leadership days—may be limited.

Secretary Baker: They may be, but it's a democracy, and something will govern that. It's certainly not our position to say that they ought—to encourage them to throw him over. In my view, he's president of the country.

Secretary Powell: I think we have to act with a fairly light touch with respect to—

Terence Smith: Right. I mean, we're talking about what a new president might—

Secretary Albright: A light touch is absolutely right.

Secretary Powell: We have to have a light touch.

Terence Smith: A light touch. What do you mean?

Secretary Powell: A light touch in the sense [that] I don't think we can tell the Pakistanis what to do with Musharraf or [that] they should or should not negotiate with the militants. The Pakistanis are going to decide that within their system, their new system. And, frankly, if we start trying to lecture them and telling them what to do, I think that could backfire. It's a very delicate situation right now, and I would be careful. So, I would approach Pakistan with a light touch. Let's also remember the history of Pakistan—that every time they have gone back to a, quote, 'democratic civilian type government,' it's come apart within a few years, and we're back to a military dictatorship. So, I'm pleased with what we've all seen happen—as I think we all are—in recent months with the election, and how they've come through the Benazir Bhutto assassination. But, I wouldn't start doing victory laps yet as to how all this—

Secretary Kissinger: That's a point one should keep in mind. There have been several elections in Pakistan, and no elected government has ever gone to the end of its term because there's been so much corruption that the army would then take over with public support at which [point] new elections would be held. And so, we shouldn't celebrate too soon. I agree that we should not try to manage the domestic affairs of Pakistan. Partly, the political parties are really regional parties that have not had a national following up to now. So, yes, these elections are democratic. We shouldn't particularly intervene in how they evolve, but it's going to be a very complicated situation because they have nuclear weapons. They have an immediate impact on Afghanistan. They have an impact on India, China; so, we have to understand what we mean by stability there, as well as by democracy.

Secretary Baker: I think—and Madeleine made this point also—it is perhaps the most dangerous single country situation that the new president is going to face because it is at the crossroads of terrorism and the proliferation of weapons of mass destruction, and has a history of the nature you've pointed out, Henry, and also has a history of having fought wars with India over the last 50 years, maybe—how many, three or four?

Terence Smith: Well, that's a question: What should a new administration do in terms of dealing with India? We know that everything we do or that occurs in Pakistan produces an equal and sometimes opposite reaction just across the border in its neighboring nuclear power. So, you're the new president. You've come in. How do you deal with the world's largest democracy?

Secretary Powell: World's largest democracy and an emerging economy—

Terence Smith: Right.

Secretary Powell: —that is creating a level of wealth that they've never seen before, just as [are] Russia and China and other places in the world. It turns out that we have a very good relationship with India right now as a result of the work of a number of people sitting here at this panel. They have moved out of the orb of Soviet thinking about the economy and other Soviet sorts of issues that they used to be aligned with. And, we have a good economic relationship. We're now trying to complete this last piece of the relationship—the nuclear technology relationship—which is not that essential, in my judgment, to the relationship. It's a good relationship, and what surprised me, Terry, is that in our first year and a half of the Bush administration we had one devil of a time, in 2002, when the Indians had sent a million troops to the border and Pakistan was responding and everybody was starting to wave their nuclear swords in the air. We got that calmed down, and it was all over Kashmir and other things. It all got calmed down. And, in the last couple of years, India has watched what's been happening in Pakistan and in Afghanistan and have not reacted the way they might have in the past years. So, I think we have a more mature, stable relationship.

Terence Smith: Although, I'm sure they continue to watch every move keenly. Secretary Kissinger?

Secretary Kissinger: You know, we've been talking about problems the United States has around the world, but I think the relationship with India is one of the very positive things that is happening; … based, in part, because they have the world's largest democracy, but they were the world's largest democracy in the cold war and with them leaning towards the Soviet Union. The reason that it works so well right now is because there is a considerable community of interest. India is very concerned about the impact of radical Islam. They are the second—they have the second largest Islamic population in the world, 160 million, and they know—

Terence Smith: Second only to Indonesia?

Secretary Kissinger: Second only to Indonesia. And, therefore, they know that if the Islamic group becomes largely fundamentalist and radical it will spill over… And so, we can cooperate with them both on ideological grounds and on strategic grounds, and it's one of the positive legacies that the new administration will inherit.

Terence Smith: So, it sounds as though you're—

Secretary Kissinger: I'm very optimistic about the Indian relationship, because also they have a very sophisticated understanding of international affairs and have studied it very, very carefully. I think that is something we should pay a lot of attention to and have actually paid a lot of attention to in the Bush administration, in both terms.

Terence Smith: Obviously, a short message then to the new president: Continue to pay attention to India as an ever more important relationship. Let's turn, if we may, to developments in Russia where President [Vladimir] Putin is about to become Prime Minister [Vladimir] Putin, and it's frankly hard to tell where the new administration in its new configuration will go. How should the next administration address Russia and this new configuration?

Secretary Christopher: Well, I think we ought to begin to see if we can't encourage some independence on behalf of the new president, [Dmitry] Medvedev. There's just a little flicker that he might be willing to move away from Putin. Maybe that won't turn out to be the right direction, but that—that's one thing we should probe in a new president.

Terence Smith: Willing? Do you think he's able?

Secretary Christopher: Medvedev?

Terence Smith: To move away or show independence?

Secretary Christopher: I think it's doubtful that he is. I think Putin is stronger. Nevertheless, there have been some things that he has said that are a little bit promising. But, more important, whoever is running Russia—and probably Putin will be running Russia—I think it's essential for us to try to restore our nuclear dialogue with them. That's really fallen into the abyss. START [Strategic Arms Reduction Treaty] has really stopped, and the Comprehensive [Nuclear] Test Ban Treaty [CTBT] has really stalled, virtually dead in the Senate. We've really lost that momentum of conversation we had, even in the cold war, with Russia on nuclear issues, and I think we ought to get that back. Questions as to their own obedience to civil rights concerns—those are very tough, but we ought to keep those on the table as well to try to make sure that if they are going to be part of the G8 [Group of 8], and if they are going to be part of the European Union or the WTO [World Trade Organization] that we ought to demand from them the same kind of qualities and qualifications that we've demanded of others for entry into those bodies.

Terence Smith: This whole issue of nuclear proliferation, of course, was addressed in part by the Nunn–Lugar [Cooperative Threat Reduction Program] efforts to reduce the stockpiles. Where does that stand, and does it need renewed attention from a new president?

Secretary Albright: I think we all have agreed that it is important to look at a zero-based world in terms of nuclear missiles. I think it's very hard to get to, but I think it is very important to have it as an agenda. I think, as far as Russia is concerned, we have a very complicated problem ahead of us. I am very concerned that President Putin—doesn't matter where he sits—will continue to have a great deal of power, and that the Russians are playing a very dangerous game in terms of their oil diplomacy… But, we have to be very careful about what we put on the agenda with the Russians.

We need them on certain issues in terms of how to deal with Iran, for instance, or North Korea, and so, we shouldn't load it down with issues that complicate our lives and are unnecessary such as radar stations.

Secretary Baker: *(Whispering)* Kosovo.

Secretary Albright: And in Kosovo—well, I believe they disagree on that. But, I think that it is very important for us to be clear about where we can cooperate and where we have to stand up for what we believe in.

Terence Smith: Would you share your whispers with us?

Secretary Baker: [Secretary Albright] was talking about the missile defense… But, we also have a serious dispute with them about what's happened in Kosovo, which is something that Madeleine had a large role in actually when she was secretary. I was sort of kidding her a little bit when I mentioned Kosovo. But, I think in terms of Russia, the advice to the new president can be very simple: We need the best possible relationship we can have with Russia. Madeleine pointed out why we need Russia. We're going to really need Russia if we're ever going to deal with Iran's nuclear problem—the best possible relationship we can have with them—and we should cooperate when our interests are aligned and confront them when they're not. We confronted them throughout the entire period of the cold war, and it wasn't the end of Western civilization as we know it. So, if they're going to backslide on democracy and they're going to be a bit more assertive and confrontational, we should not be so naive as to think that their foreign policy was always going to march in lockstep with ours. We ought to understand: Russia is going to have her own foreign policy interest. She's going to assert her views—where they conflict with our vital interests, we ought to confront them; when we can cooperate with them, we ought to cooperate.

Secretary Kissinger: Let me make a point… two. One about the general position of Russia: One has to understand, I believe, that Russia is a country that has had a nervous breakdown. Here is a country that has lost 300 years of its history. It's not just the Communist period; everything for which they struggled and fought—from the time of Peter the Great—they're right back to where they started. So, that creates a tremendous problem for their leadership of how to give that country an identity. Then, they have a long frontier with China, which is a sort of a democratic nightmare because there [are] 30 million Russians on the one side and a billion-plus Chinese on the other. They have a long frontier with Islam, which is an ideological nightmare because all—they have 25 million Muslims, about a fourth of their population, right at that Islamic frontier. And then, they have the new border with Europe for which they have no historic experience. So, they're trying to find a new identity.

Now, with respect to Putin, there's sort of an obsession in this country about Putin as a person. My view is that if he wanted to be dictator he's chosen a really tough way to do it, because the easy thing for him to do would have been to amend the constitution—since he controls the Parliament anyway—and give himself another

term. He's now brought in somebody as president, and he's prime minister. The position of prime minister is constitutionally below the president. I have yet to meet a Russian who can explain to me how this thing [is] going to work… It's a very complex situation… and we shouldn't keep giving them a checklist by which they have to prove their adequacy of dealing in the international system.

When you look at it, this is not a very strong country. Their population is declining. They have a horrible health problem. They have huge tasks domestically. We should keep open the possibility of a constructive relationship, because between them and us we have 95 percent of the nuclear weapons in the world. And on missile defense, I think we should explore that proposal of linking the radar systems that they make. At any rate, I don't know where it would go, but we should keep open the possibility of a constructive dialogue and not focus it on one man.

Terence Smith: Secretary Powell?

Secretary Powell: Two quick points: One, the Russian Federation is never going to be the Soviet Union again. They're doing too well by not being the Soviet Union. They've never seen this level of wealth creation in their entire history. And so, we shouldn't have that kind of fear that we're going back to the past. We're not. I'm not quite sure where we're going into the future yet with them, but it's going to be a different future than the past. And, the other thing we've got to remember is we sort of criticized Putin or Medvedev—they are enormously popular. They have brought a sense of respect and stability back to the Russian people, and Putin didn't have to suppress the media or fiddle with the election. He would have been elected even under the Florida caucus system or something like that. *(Laughter)*

Terence Smith: Prosperity is a popular political platform.

Secretary Albright: I think what is interesting, though—because Colin is absolutely right—the question is: Why they figured they had to fiddle with the election. And so, I think that that is something that is worth examining because he didn't have to, and he is very popular. I would be willing to make a bet with you, Henry, that Putin is not disappearing from the scene, and it doesn't matter what the job is.

Terence Smith: No, I don't think he was saying that—

Secretary Kissinger: I'm not saying—

Secretary Albright: —that he will. Medvedev is an interesting character, but very unknown, and I hope that you and Chris are right in terms of seeing him as—

Secretary Kissinger: So was Putin.

Secretary Albright: Well, no. A little bit of KGB background in Putin is something that we should have known and kept track of a little bit more before. I feel very

strongly that we need to cooperate with the Russians where we can, and that we don't need to get ourselves back into the cold war, but we also can't make excuses for them. They're not going to be the Soviet Union, but why did they feel that they had to manipulate those elections that way, and why did they have to eliminate any opposition voice? So, I think there are a lot of interesting questions about it.

Terence Smith: Some interesting questions. Let me move us, however, to another very large country a little further to the east, China: Obviously, the world's most populous country with 1.3 billion people. It's averaged almost 10 percent annual economic growth since 1980, a staggering statistic. Now, it's been predicted that China could surpass the U.S. as the world's largest economy within the next several decades. But, at the same time, 300 million Chinese still live on less than two dollars a day, and each year there are tens of thousands of popular protests in China triggered by everything from economic hardship to tremendous environmental devastation. And certainly, of the 20 most polluted cities in the world, 16 are now in China. So, give us your perspective, if you will, of China today and how a new president and a new administration should address this relationship. Secretary Baker?

Secretary Baker: Well, as we discussed with respect to Russia, I think we ought to cooperate with them when our interests are similar. We have similar interests with respect to North Korea's effort to obtain nuclear weapons. We have similar interests with them with respect to the issue of global climate change, with respect to proliferation of weapons of mass destruction, [and] with respect to energy demands and security of energy supply. And, we ought to manage our differences with them where they exist. We have differences with them in areas such as Taiwan and human rights which we—all of us as secretaries of state— have had to manage in the past. We are beginning to develop a little bit of a difference with them with respect to their military buildup, and there's a lot of news coverage today of what's happening in Tibet.

I was interested to read just this morning, in the airplane on the way over here, that President Bush called President Hu [Jintao] of China yesterday and suggested that there be—that the rhetoric be cooled in terms of Tibet and China; that he find a way, perhaps, to talk to some of the supporters of the Dalai Lama. That's the way we ought to be handling the relationship. That's the way the new president is going to have to handle it. There are a lot of people out there who would suggest that somehow the United States and China are inevitably on a collision course, and there's going to be an inevitable clash. I don't happen to believe that. I think we could make it happen. I mean, the best way to find an enemy is to go looking for one. There are some people who regret the fact, frankly, that we no longer have a global enemy in the Soviet Union. Some people would almost, I think for political purposes, like to recreate one with China. That would be a terrible, terrible mistake. And the new president, I'm sure, whoever he or she is, will avoid that.

Terence Smith: Secretary Christopher?

Secretary Christopher: I think we're—the country is really indebted to Secretary Kissinger for having found the opening to China. I think we benefited enormously from that, Henry, and the rest of us around the table have tried to follow through on that and improve the relationships. I think we ought to continue on that path. It's very important for us to do that. As Jim Baker says: Agree when we can and also find ways to disagree, in a satisfactory way, when we can't.

One thing I would say that I found useful to remember when I was dealing with China: We have vastly different political systems. Our system, for all of its faults, depends upon the consent of the governed. We're having another election this year. Difficult as it is, we're going to once again have a new president who has the consent of the governed. In China, that kind of consent is really a hollow concept. They depend upon domination, and that makes them very highly sensitive to any indication of dissent. You know, I used to think when I was dealing with the Chinese: If we could just go through one meeting without their raising Taiwan with me, but that just shows how sensitive they are. I would say that we need to expect more difficulty for China in the future—not to sympathize with them, but to be realistic about it—because the Internet is going to make it much, much harder for them to maintain the kind of control that they think they need. If you look at the current situation in Tibet, and there's a lot we don't understand about that yet—it will evolve over months and years probably—but that was, partially, a cell phone demonstration.

Terence Smith: That's right. I've got to turn to the man who went to China 30-plus years ago to achieve that opening and get your perspective on that—on those three decades-plus—and where we stand today.

Secretary Kissinger: One fundamental thing to say about these three-plus decades is that it's the most consistent bipartisan American foreign policy. Every administration has substantially followed the way the relationship evolved. They will vary with some tactical variations, but the main line about the importance of a close relationship has been maintained and should be maintained—and I think will be maintained—in a new administration.

One point I want to make is when we discuss foreign policy, we—as Americans—have a tendency to think of our concerns and then to make sort of a catalog of what we consider important. But, we also have to look at the Chinese ideas; a country with a long uninterrupted history of self-government that for 150 years felt itself humiliated—not by us, but by Western countries—and that now, with all its apparent achievements, faces huge problems. They have a coastline that is like Europe, and an interior that's in a very underdeveloped state. They have cities that have huge infrastructure problems… They have as many as 100 million people moving from the interior. So, this is not a country that now can undertake international adventures. It is very important—I want to support what Jim and Madeleine have said—we should not look at China as a military adversary. It's not conceivable to me, in a generation, that that could happen. We should see where we can cooperate, because a confrontation—this is not 19th century balance-of-power. If China and the United States are in a

conflict, the danger is that we'll exhaust ourselves like the Europeans did in their world wars. It's going to be difficult, but I think it's essential. I'm hopeful because every American administration has substantially concluded that a cooperative relationship is important.

Terence Smith: Secretary Powell, on the issue of whether or not China poses a present or future military threat—they have increased their expenditures on their military budget up to 100 billion dollars a year. Of course, that's one-fifth of ours. So, how do you see it?

Secretary Powell: There's nothing wrong with spending money on your military to make it modern, to make it more efficient, but I cannot come up with a scenario—other than defending the Taiwan Straits and perhaps defending them out to some distance in the Pacific—I cannot come up with a scenario where China would find it in its interest to in any way be aggressive towards the United States. They don't have that kind of history or tradition, and they're doing so well by not being in a hostile situation with the United States of America. They've gone from nowhere, as you noted, Terry, to the fourth largest economy on the face of the earth, and they will be the largest economy on the face of the earth. And so, everything my colleagues have said I agree with. The only thing that could kick this all over is if Taiwan were able to do something rather foolish in terms of declaring independence, or something like that. And, frankly, we can keep that from happening, and we have for the last 30 years.

Terence Smith: And there is a new leadership in Taiwan—

Secretary Powell: There's new leadership, and it is not moving in this direction.

Terence Smith: Sounds more cooperative.

Secretary Powell: Now, the one point I close on—two points, if I may. China's major problem…—they still have close to 900 million to a billion people who have not benefited in the slightest from this wealth creation. They know it, and those people are getting mad… China knows that what they have to do is to continue to industrialize, to get these people off those farms where they are subsistence peasant farmers and will never do any better. So, what are the Chinese doing? They're building railroads into the interior. They're creating infrastructure. They're bringing in whole new universities, just turnkey from other countries, in order to educate these folks—these farmers—for the kinds of jobs that they're going to be creating. That requires political stability with the West and, especially, political and economic stability with the United States of America.

One final point, and I'll be brief. It's fascinating how we've been talking about all of these problems, but the last three countries we really touched on—India, China, and the Russian Federation (the old Soviet Union)—they were my adversaries for most of my adult life. And now, these are the only three countries—really, in the world—that have the industrial or population capacity to challenge the United States as a peer

militarily, and none of them are the slightest bit interested in doing this because they're doing so well in a new kind of world. The thing we haven't touched on is that, with all these problems, the new president is faced with great opportunities as well—opportunities to continue to build a world of wealth; to expand democracy; to rebuild our alliances. So, the new president is not just facing the usual horrible list of old problems left by the previous administration. He'll have his own new problems, but I think the new president will also have great opportunity to make it a better world.

Terence Smith: Right. I need to move on, but I want to just ask Secretary Albright how you address a really difficult issue that Secretary Baker raised earlier, which is the emission of greenhouse gases from China. How do you reach an agreement—an understanding—that they can live with in terms of economic development of their country, and that we and the rest of the world can live with? I mean that quite literally, *live* with.

Secretary Albright: Well, it's obviously one of the most difficult issues, and for anybody that's been to China recently it is difficult to breathe. I don't make a lot of predictions, but I think the Chinese will win most of the medals at the Olympics because nobody else will be able to. *(Laughter)* The bottom line, I think, is that [what] we need to look at—in terms of China, that we haven't raised here—is its energy deficit, basically, and that a lot of its foreign policy is based on trying to get energy supplies. And, what I find interesting about them is that they see themselves with kind of a dual identity [as] the world's largest developing country, and at the same time one that is more interested in participating in managing the world. And so, those are the problems that they face.

The question is, whether we can persuade them that, economically, they will be better off if they leapfrog the mistakes that we have made on clean technology; to bring them along so that they see that they're gaining out of it instead of the argument that they make, which is: We're trying to stop them from developing by saying, you can't use your industrial strength the way that we did in the past. But, it is a difficult position, and it has to be appealed to on the basis that they are the ones that are suffering from environmental degradation.

Terence Smith: Let me turn to an area of the world that is sort of consistently ignored by the United States, that of Latin America. It was in the 1985 Southern Center conference that former Secretary of State Dean Rusk said Latin Americans want two things from us that we find, quote, "so difficult to give them: our interest and respect." I wonder if we're guilty as charged as a nation, and what approach a new administration should take south of the border. Secretary Baker, you live near it.

Secretary Baker: Well, first of all—yeah, I live right on the border—I don't think we've been guilty of neglect. I think to one degree or another each of us during our tenure as secretary of state dealt to varying degrees with Latin America. Some of us had other, perhaps more challenging, issues confronting us at the time, particularly

those of us who were cold war secretaries of state. But, I think the most important thing we can do is try to rebuild a consensus that used to be there for free trade. The most important thing we could do to enhance economic growth in the United States would be to complete a free trade agreement of the Americas; something that the last three administrations have been in favor of, but with respect to which today the support has evaporated. It's something—

Terence Smith: Something akin to the common market?

Secretary Baker: No. No. I'm talking about a free trade agreement of the Americas that would be—it would be like NAFTA [North American Free Trade Agreement] but it would be expanded into Latin and South America; a free trade agreement that would increase economic growth. The last three administrations have been for it. We've never gotten it done. The consensus today for free—one of the most depressing things that I see in watching the presidential campaigns this year is the degree and extent to which candidates, particularly two of them, do not support the idea of free trade. It is very easy to demagogue against free trade. It is hard to make the case that free trade does create economic growth because there are always winners and losers. There are always more winners than losers, but the losers are more vocal.

The most important thing we can do with Latin America is try to rebuild that consensus for free trade, and we have to do it first right here in the United States. We have a problem there now. When I was secretary of state—maybe a little bit after you, Henry—but when I was secretary of state, when I left office there was only one totalitarian government in Latin America, and it was Cuba. Only one. They had all moved to democracy and free markets. They had bought the U.S. paradigm, in effect, and now we have this guy down there in Venezuela—

Terence Smith: Hugo Chávez.

Secretary Baker: —who is very anti-American and is going to continue to be a thorn in our side. Fortunately, he no longer has the domestic support that he once had. We've got a real friend down there, too, in President [Álvaro] Uribe of Columbia. We have pending before the Congress, as we sit here today, a free trade agreement between the United States and Columbia, which the Congress really ought to ratify and ought to do it very, very quickly.

Terence Smith: All right. You mentioned Cuba. There has been a change there. A new president is going to come in and find himself or herself dealing with a 50-year-old embargo. Is it time to lift it?

Secretary Christopher: Well, we need to look at the situation in Cuba as, perhaps, a new one, and I think a new president might try to engage the new leader of Cuba and see if something can be worked out. Certainly true, Terry, that the 50-year-old embargo has not worked—has not worked to our benefit or to their benefit. This is one of those many issues in the United States, fortunately not too many, that perhaps are

driven more by politics than by foreign policy. But, we may be seeing a change in that, as well. I understand there may be a change in the attitudes of Florida that would give us more freedom. So, I guess what I would say, and this is true with respect [to] all of Latin America, we shouldn't get rooted in the old attitudes. We shouldn't homogenize that entire region. We ought to take it country by country. And, with respect to Cuba, I think we ought to see if we can't exploit the possibilities of Fidel [Castro]'s brother being more friendly toward the United States and not be rooted in this notion of the embargo is the only way. Because when policies don't work for 50 years, it's time to think about trying something else. *(Applause)*

Terence Smith: Secretary Albright?

Secretary Albright: Well, I do think that we have a very hard time with Latin America, because if we pay not enough attention to them they say we're neglecting them, and if we pay too much attention then they say we're interfering in their domestic affairs. It's a little bit 'damned if you do, damned if you don't,' and it's very much kind of a family relationship in terms of the solidarity of the Americas. The most radical thing I did at the State Department was to move Canada into the Western Hemisphere—it actually was in Europe according to the way the State Department was set up—in order to kind of create this solidarity of the Americas and strengthen the democratic approach.

I think that what we see in Latin America is—this goes to your point, Jim, in terms of when you left there was only this one little red island—it's been moving back because democracy has to deliver. And, while it may sound Marxist, people want to eat *and* vote. So, there has to be reform in those countries; there has to be a movement that allows that to happen. And this issue, the trade issue and the economy, are all linked to the most difficult domestic issue at the moment: the immigration question. How those issues all work together is something that the next president is going to have to work on very hard, I think. I'm an immigrant myself, a legal one, but I am an immigrant, and I really do think that this country benefits by having—well, Henry and I, right, we—

Terence Smith: Two legal immigrants.

Secretary Albright: Two legal immigrants.

Secretary Kissinger: Nobody would have known that if you hadn't noted it. *(Laughter)*

Terence Smith: We're running out of time here, but I want to ask a final question that is very dear to the mission of the Southern Center, and I think important to all of us; that is: Whether or not today's citizens are getting the education they need—in geography, world history, politics, economics, culture, languages—in order for this country to succeed and take a sophisticated approach to its role in the world? I'll give

you one particularly discouraging statistic—if the State Department was confused where Canada was—88 percent of Americans between the ages of 18 and 24 can't find Afghanistan on the map; 70 percent can't find North Korea; 63 percent can't find Iraq. What do we do about educating this traditionally insular, continental country and its youth, especially, about the rest of the world?

Secretary Baker: We need better maps. *(Laughter) (Applause)*

Terence Smith: Certainly, a first step.

Secretary Powell: We have that problem. That problem is very, very real, but I've got to expand just upon the Southern Center's theme of geography and history. We have a challenge on how to handle the economic growth that's taking place all over the world. We have a challenge on how to handle the energy issue associated with that growth. We have a challenge in how to protect our environment when we see this economic growth and the energy needed for that growth. But, the other problem we have is that we 300 million Americans have got to do a better job of educating our youth, and not just in the issues you touched on but in simple reading, writing, everything.

We, in this country right now, are seeing one-third of all of our youngsters not finishing high school. We are seeing 50 percent of minority kids not finishing high school, and we have accepted this. The greatest universities in the world, but the K–12 system is in desperate need. And I'm telling you, when you look at India, when you look at Russia, when you look at Eastern Europe, when you look at Latin America—all these places that used to be isolated behind curtains or in totalitarian regimes—they're now all investing in education. And so, for the reason that you gave us, Terry, but for a lot of other reasons, America has got to get back to the task of educating our youngsters for a 21st century world. *(Applause)*

Terence Smith: I'm going to give Madeleine Albright the final word here.

Secretary Albright: Well, I do think it would be impossible to have a meeting without blaming the press for something and—*(Laughter)*

Terence Smith: I knew it was coming.

Secretary Albright: —I do think that the media also has a responsibility in this in terms of how news is covered, how much background is given, and how much time is spent on these issues, because that is the way people learn. And, frankly, I've enjoyed going on Jon Stewart's show, but it should not be the only way that young people really get a great deal of information. So, back to you, Terry. *(Laughter)*

Terence Smith: All right. Guilty as charged. *(Laughter)* We've come to the end of our program, and I would like very much to thank Secretaries Kissinger, Baker,

Powell, Christopher and Albright for their participation in this Southern Center for International Studies Conference. I'd also like to thank the University of Georgia and our other sponsors for helping make the program possible. Last, but not least, I'd like to thank all of you, our audience. I'm Terence Smith, thank you all very much.

(Applause)

A Balanced View of American Power*

Lee H. Hamilton

Lee Hamilton: Good afternoon to all of you, and thank you very much for the most gracious reception I have had at the University of Georgia. What a delight it was for me just an hour or so ago to walk around this campus, wishing that I were young enough to enjoy the courses of this great university and the ambience here. Dean White, thank you for your hospitality. Don Johnson, with whom I served in the Congress and remember very well his effective representation of the United States as [the] textile negotiator in the U.S. Trade Office, I am honored indeed to give the Sibley Lecture.

Now, Don mentioned the fact that I had been in the Congress for 34 years. I'll tell you a little story about that. I made a very bad mistake when I retired. I announced that I had been in the Congress for 34 years and had cast over 16,000 votes. I did a little bragging. I went back to my office. I had a phone call from a constituent, and the constituent said, "Lee, I understand you voted 16,000 times." I said, "That's right." He said, "I understand you served 34 years." I said, "That's right." He said, "I want you to know that as you announced your retirement today, you finally made a decision I agree with."

I had a lot of fun in the United States Congress. I still remember some of the more memorable moments. I remember driving one day in Washington, DC, and seeing my friend, Father Robert Drinan, who was then a member of Congress, a Catholic priest. I don't think a Catholic priest can serve any more in the Congress, but they could then. He had his bumper sticker—the all-time best bumper sticker. It said: *Vote for Father Drinan or Go to Hell.*

I've debated the Middle East matter so often I can hardly remember what happened. But, I do remember one quote. A fellow got up on the floor—Don, I don't know if you remember this or not. We were right in the middle of a Middle East debate and he said, "I don't see why the Arabs and the Israelis cannot settle this thing just like good Christians ought to." "If Abraham Lincoln were alive today," one of my colleagues said, "he'd be turning over in his grave." Another member got his metaphors mixed up, and he said, "If you don't stop shearing the wool off the sheep that lays the golden egg, you'll pump it dry." We had a lot of fun, but I'm not going to talk about those things this afternoon any longer. I'm going to talk about a very, very serious subject, and that is: *What do we do with all this power we've got?*

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* This lecture was presented as part of *The 102nd John A. Sibley Lecture* series, and in commemoration of the 30th anniversary of the Dean Rusk Center, on March 27, 2007 in Athens, Georgia. A video of the lecture is available for viewing at: www.uga.edu/ruskcenter/conferences.html.

America is the world's most powerful nation—strongest military; largest economy; technologically advanced far above any other nation; the most extensive cultural influence in the world. Just think about the global presence of the United States. Our military serves in over 100 countries today across the world. English is the international language in business, in commerce, and in culture. American movies and television shows can be seen in the heart of Africa, in rural China. Of course, our inventions have revolutionized modern life, but our power is not infinite. We cannot kill every terrorist. We cannot overthrow every evil in the world. We cannot remake the world in our image. Now, it is that seeming contradiction—awesome power, yet our inability to bend the world to our will—that's what confronts the United States.

I know Iraq sucks the oxygen out of any foreign policy discussion, but what I want to do is take a little longer-term view, today, about the future of American foreign policy. Or, as I began: *How do we use all of this power?* Go back to 9/11 and look at the comments of President [George W.] Bush. He set dramatic, even astonishing goals for the United States. I paraphrase him now: We're going to defeat terrorists in states that sponsor terrorism. We're going to defeat rogue regimes who seek weapons of mass destruction. We're going to ensure that no competitor to U.S. hegemony arises. We're going to abandon our support for stability in the Middle East in favor of democratic transformation.

President Bush was re-elected, and in 2004, in that inaugural address, he pledged that America's mission would be to end tyranny in the world. To accomplish these objectives he took some rather robust actions. We invaded Afghanistan and started "nation building." We identified North Korea and Iran and Iraq as the "axis of evil." We embraced a doctrine of preemptive strikes against threats before they are fully formed. We invaded Iraq and declared our intent to build a "model democracy" that would spread across the Middle East. The president rejected international obligations and treaties that all of his predecessors had supported. He relied less on the traditional alliances—NATO and the other international institutions—and developed the idea of the "coalition of the willing." And, he refused to engage diplomatically with those countries he labeled "the enemies of freedom:" North Korea, Iran, Syria, [and] the Palestinian Authority under [Yasser] Arafat. "We do not," the vice president said, "negotiate with evil."

It is hard, now, to recall the sense of our own strength and optimism that struck this country—that gripped this country—in the years 2002 and 2003; all of those quotes come from that period. Today, talks of transforming the world with American power have diminished, and everywhere we turn we see the limitations of American power: In Iraq—the level of violence. In Afghanistan—the Taliban resurgence; the drug trade overwhelming the economy; American and NATO causalities rising. In Iran, a hard-line president has come to power, meddled in Iraq, and continued Iran's nuclear program, despite our threats. The Persian Gulf conflict threatens more than half of the world's oil reserves. In Lebanon, Hezbollah defies Israel and the United States. In Russia, President [Vladimir] Putin is moving in an authoritarian direction—interfering with his neighbors—even as we demand that he embrace democracy. In

China and India—rising powers poised, almost certainly, to play much larger global roles. In Latin America, leftist governments are coming to power who oppose many U.S. policies, and Venezuela's President Hugo Chávez lashes out at us daily. In Darfur, international outrage has failed to stop genocidal violence. And around the world, the alarms are ringing louder and louder about global climate change.

Whereas our ability to accomplish things a few years back seemed to be really unlimited, it now seems that the problems often outpace our ability to confront them. Oftentimes, we seem to be virtually alone in the world in coping with the costs and burdens, for example, of Iraq. Our power is not dissipated—far from it—but our power is diminished. If, however, America does not lead, more often than not, on problems around the world, progress cannot be made. There may be a primacy of American power, but it is not omnipotent. And, the world looks to us for leadership for practically everything. A few years ago, I walked into the office of the national security advisor and asked him what the fifty-or-so files on his desk were, and he said, "Those are all files that demand an immediate answer." There was another stack of files over there on another table. I said, "What about those?" He said, "Those are all urgent problems." The fact is, isn't it, that every really tough problem comes to the White House. You and I know about some of them—probably not all of them—but the whole world looks to us for leadership. Why do we have all of these kings and prime ministers and foreign ministers and all of the other high potentates coming into Washington every day? They all come because they want the help of the United States. Maybe they want military assistance; maybe they want economic assistance; maybe they want a photo op with the president—but they come.

It was very wise guidance from President [John F.] Kennedy—I don't know whether Dean Rusk wrote these words or not, he may have: "We must face the fact that the United States is neither omnipotent nor omniscient, that we are only 6 percent of the world's population, that we cannot impose our will upon the other 94 percent of mankind, that we cannot right every wrong or reverse every adversity; and that therefore there cannot be an American solution to every world problem." You see, our friends around the world are willing to cooperate with us on matters of common concern, but they are not willing to subordinate themselves. This is a complicated world. Other nations pursue their national interest just as vigorously as we do. We cannot make a nation want what we want for them. They have to choose themselves. And, we have a lot of trouble in this country sustaining foreign policy or costly endeavors over a period of years. Our patience in this country is not inexhaustible. Our knowledge of other parts of the world is rudimentary. The American people have a lot of problems here at home that they are concerned about. I think what Americans really want is American leadership, on behalf of the world, where our interests are protected, where we work with like-minded nations, and where the values of liberty and justice and opportunity are the norm and not the exception. Where, to quote Martin Luther King, "the arc of the moral universe bends towards justice." That's what we want.

Now, how do you apply this power? I think some changes are coming about in the way

we use our power. We're moving back, now, towards a more multilateral position. We're going to be rejecting unilateralism more, I believe—accepting the reality that we can't solve every problem in the world. We're not rich enough and we're not smart enough, and we need some help. We're going to find ways to deal with alienated Europe and an assertive China. We're going to find ways to deal with the United Nations and the European Union, as we are now doing to seek tighter sanctions on Iran. We're going to support U.N. resolutions like the one giving Kosovo attributes of independence. And, we'll go further than that; we'll support independence for Kosovo. We're going to turn increasingly to diplomacy. The Iraq Study Group recommendations about talking to Iran and Syria have been accepted, and we recently began to talk on a bilateral basis, as well as in a multilateral context, with North Korea. We are going to have to learn to accept countries as they are and not insist on them becoming what we want them to be.

For the future, I hope we have learned not to hype threats; not to underestimate costs; not to paint unrealistic futures; not to savage those who disagree with us; and, that our task is to apply American power pragmatically and skillfully. Let me be a little more specific. Take this very tough question: *When do you use American military power?* It may be the toughest question policy makers confront. Everybody in this room would agree that American military power must be second to none, that it is vital to our national security. I think everybody in the room would agree that we have to apply that power judiciously. I hope they would agree that we do not equate seriousness about national security with how loudly we beat the drums of war. I think it is becoming clear what the rules of intervention ought to be. We ought to intervene if there is an imminent threat to the United States. If we find terrorist countries transferring nuclear materials to other countries, we're going to use American power, and we're going to use it unilaterally. If we receive information that we're about ready to have an attack on the United States, we're going to use American power, and we're going to use it unilaterally.

We have to have a sense of modesty, however, about our power—what we have, and how we can use it. I hope we will go into future interventions with a clear idea of what is obtainable and what is not, of what resources we are prepared to spend, and what resources we are not prepared to spend—with honesty and precision about the goals that we seek. I think that we have to understand that we're in a different era today. It's no longer—those of you who grew out of the World War II period, like I did—wars are no longer conventional conflicts between armies. The aims of war are changing. Wars are increasingly waged now by non-state actors, and, oftentimes, with very widespread media coverage. Wars are fought between people and among people to influence people, to settle scores and to achieve power.

I hope we have learned that these problems cannot be solved merely by the use of military power. I don't exclude that at all. I must have talked to every general in Iraq. Not one of them said to me, "We can solve the problems in Iraq with military power." Neither they, nor I, reject the use of military power, but you cannot solve the deep-seated problems of that country through force alone. We're going to have

to seek international support and use alliances like NATO and others. We're going to have to learn that we cannot bear all the costs and blood and treasure; that we're much stronger when we act with international legitimacy. I think Dean Rusk and the history of this country bears this out because the greatest 20th century triumphs of the American military took place within broad international coalitions, not when we acted by ourselves. Of course, when you use power you have to be sure you've got support at home.

Or, take the question of the weapons of mass destruction. Obviously, we need to oppose the proliferation of weapons of mass destruction. I happen to believe that the proliferation of these weapons should be the dominant concern of United States foreign policy. See, our position has been: *Proliferation must stop now. We can have the nuclear bomb; you can't.* Every American accepts that. Other countries do not. The dilemma, of course, is that to allow these countries to develop nuclear weapons of mass destruction will mean a much more dangerous world, and that's the challenge. Our policy position, then, must be more than what we demand others to do, although that ought to be part of it. It must include what steps we are willing to take to show the world that we're serious about non-proliferation.

I do not think we should invade a country simply because they are "suspected" of pursuing these weapons. If that is your standard for military action, we will be in a near permanent state of war in the years to come because nation after nation after nation is either developing or thinking mighty hard about developing those weapons. The better and the more sustainable way to approach it, is through a robust diplomacy—a commitment to the Nuclear Non-Proliferation Treaty, which says that non-nuclear states will not pursue nuclear weapons in return for assistance with peaceful power, and that nuclear countries—listen to this—nuclear countries will reduce their arsenals. We've made that pledge: multilateral efforts to secure dangerous materials; highly intrusive inspections; robust pressure (military and economic and financial). And, let me again suggest that history is our guide here. Several nations have given up nuclear weapons; and in none of those cases was an invasion necessary; and strong U.S. leadership and pressure got the job done.

Let me take another question up, and that's the one of regime change. I hear this all the time in Washington. We've got to have a regime change of this country or that country, and I can appreciate it and understand it. There are a lot of countries in the world where I'd like to see regime change. I think of North Korea where people are starving, while the government builds nuclear weapons. I think of Zimbabwe where the president ravages the economy and imprisons the opposition. I think of Burma where a military regime profits from natural resources, while the people suffer. The critical question here is not on regime change. The question is not: *Is it desirable?* It is desirable in any number of cases. The question is: *How are you going to do it? How are you going to achieve it?* That's the tough question. And, the end of that is: *Are you going to send in the 101st Airborne Division to do it?* We cannot slay every tyrant. Regime change is left better to the people under the regime. They know what they want. They will be the ones who will benefit or suffer from the consequences of change.

I sat in on all of the early discussions in Washington between the Soviet Union and the United States, and we'd get up and read fancy speeches to one another. We'd read in English. They'd read in Russian. We'd end and toast each other with vodka, and then say we're for peace in the world and want our grandchildren to have a wonderful life. And then, we'd go home. We did that year after year after year, and nothing much happened. And then, gradually, we put away those formal speeches, and we began to talk to one another, and we got to understand people as people, as human beings, and the thaw began to occur. And you know what? In all of that discussion, over all of those years, with all of the problems that we had with the Soviet Union and their awesome military power, not a single shot was fired. But, we played an important role in regime change.

I've got a long list of things to talk about. I can't get through it all. I want to talk a little bit about global issues, but I think I'll skip that. I'm not going to skip the point about American values. I think we have to understand the limits of cold-eyed, hard-nosed American foreign policy that focuses only on a narrow calculation of our national interests. Americans do care about what happens in other countries around the world, but if we want to spread democracy we must be sensitive to the needs of the people we are trying to reach. I am going to tell you an analogy here from the world of politics, where I come from. I think the analogy holds. It is a simply analogy. Every political figure I know who has been successful meets a constituent on a daily basis, maybe a weekly basis, and that constituent asks that person, the office holder, to do something. The office holder knows that he or she cannot possibly do it. But, you don't say to that constituent, "I can't do it." You know what you say? "I'm on your side." Or in the words of another politician, "I feel your pain. I want to help you."

Now, it may be a little too easy. I don't think it is. But you see, that is what American foreign policy has to do. One-point-three billion Muslims from London to Jakarta—you know where we stand in their eyes? We have a favorable rating with them in the single digits, most of them. That's hard for us to believe. We're a nice group of people. How come they don't like us? A lot of reasons, but I'll tell you what we have to do. We have to say to those people: Look, we can't solve your problems. Your countries are going to have to do that, but we want to try to help you. We're on your side when you seek a decent life. We want you to get a better education. We want you to have good health care. We want you to be able to grow up and marry the person of your choice. We want you to have a decent retirement—the same things that we see for us and for our families.

They are not any different from you and me. They want the same things. We can't provide it for them, but we can say: We're on your side; we want to help. And so, we have a program today that gives several millions—tens of millions of dollars—to Pakistan to help them create schools that are different from the Madrasah schools where they learn to hate you and hate me and hate America. Now, if you know anything about Pakistan, a few million dollars isn't going to get the job done, but the symbolism is hugely important. It says to those countries: We're on your side; we want to create an alternative system of education that gives you a decent education

and not hatred of Americans and the hatred of the American system; we're on your side; we want an agenda of opportunity for you.

That's what American foreign policy has to do. If you're going to win the war on terror, you have to go after the bad guys like Osama bin Laden—which we haven't been doing, incidentally. You have to go after him—to use the euphemistic expression, you have to "remove" them. You're not going to convert them. But, to that great mass of Muslims, we have a chance. And, I think the decency of the American people has to come forward. We have to pragmatically know we're on their side.

Well, I'm saving you a lot of heartache here, I'm flipping a lot of pages. We have to be strong at home. Just think about it friends. If you and I were less dependent upon foreign oil and gas, we would not be tied to the events in the Middle East, would we? I gave a speech on the floor of the House of Representatives back in the 1970s on energy policy. Now, you know you're getting old when you start re-reading your speeches, and that is what I was doing. I could give that same speech today, not striking a single word of it. We're slow learners in this country. We're more dependent—far more dependent—on foreign oil than we were when I gave the speech. If we didn't have such a substantial trade deficit with countries like China, we'd have a lot more freedom of action in our economic policy. If our own democracy was more robust, with strong checks and balances and respect for the rule of law, we'd be an attractive example—more attractive example—across the world. If we were more united and not so polarized, as we are in this country today over partisan politics, we would be more able to tackle the tough global challenges that we have and sustain our policies.

Now, this is the final point, I promise you. I have been concerned that the top policy makers—over a period of many years—in Washington are just too dismissive of the views of the American people. There is a strong powerful strain of elitism in American foreign policy. A feeling by policy makers that the American people are not well informed about complex matters. That they are not able to master the subject. That they are guided by passion and not intellect, and that the country is better served by leaving such serious matters to the elites. If I have heard it once, I have heard it a thousand times: "Trust me… If you had the intelligence I have."

I picked up a poll the other day—I'm still a politician; I still look at the polls. What did it say?

1. The American people want us to disengage from Iraq responsibly;
2. The American people want us to take out Osama bin Laden;
3. The people want us to engage in diplomacy even with our adversaries, not just our friends;
4. The people want to reduce our dependence on foreign oil;
5. The people want us to maintain strong alliances.

That comes across as pretty good sense to me. In my home state of Indiana, we'd say that was a "down-home" judgment. Now look, I do not romanticize that the people

are always right. I do suggest that the policy maker sometimes needs a harness, and that you and I, as Americans, should not invariably put our trust in princes. And, American foreign policy must always be sensitive and respectfully tuned to the views of the American people.

I conclude by affirming, as I trust you would too, that America cannot shrink from global leadership. We've got to stand up for our interests, of course. We've got to try to seek consensual solutions in the world. We've got to be aware of our limitations, our power, [and] our responsibilities. We have to be aware of the yearning across the world for human dignity. That's what all of this is about—the plea across the world for human dignity. That's our plea. We're on their side. And we have to convey that to them. We have to be idealists without illusions. We have to be pragmatists with a vision. That's the task for America in the years ahead.

Thank you.

(Applause)

The Rise of China: *Political & Economic Implications*[*]

Daniel R. Fung

Daniel Fung: It is a great honor for me to be standing here at the Dean Rusk Center. I have heard a great deal about this place because Dean Rusk was, of course, the major American architect of U.S. engagement in Asia during my formative years. That came via, for better or worse, the Vietnam War, which was a formative experience for Asia. But how times have changed; Vietnam today, of course, does not in any way resemble the Vietnam of the late '60s. Indeed, the East–West Center, of which I am a board member, will be having its next board meeting in Hanoi next month to, basically, again celebrate American reengagement with Vietnam. This is also the 35th anniversary year for U.S. reengagement with China—starting with the [Henry] Kissinger visits, ending with the Nixon Communiqué [Sino–U.S. Joint Communiqué].

Now, the pedagogical approach I will adopt is based on an old Chinese pedagogy which we call: *Tou zhuan yin yu;* which means: *Throw out a piece of brick to attract a piece of jade.* What I mean by that is I know there will be a Q&A session following my presentation. I really look forward to that. I would like very much to interact with all of you and to learn from all of you.

The other pedagogical approach that I am going to take today in my presentation is to do a series of projections into the future. In the summer of this year, another organization that I belong to, called the Salzburg Seminar, which was established in 1947 as an intellectual adjunct to the Marshall Plan, made a projection into what the world would look like in the year 2030. Now, as we all know, every projection into the future is an extrapolation from the past. In a sense, every analysis of China is a projection into the future. So, when—in the Salzburg Seminar—we looked at the world in 2030, we also asked ourselves: What does the world look like today, in 2006? What did the world look like a quarter of a century back, that is to say, in the year 1980?

Then, I'd like to use a slightly different timeline and ask ourselves what the world would look like in the year 2050. I probably will not be around then, but I'm sure most of you in this room will be; you'll be in the critical years of your activity. And, if we ask ourselves that question—What would the world look like in 45 years' time?—we should also, for proper perspective, ask ourselves what the world looked like back in 1960.

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[*] This lecture was presented as part of the *Willson Center–Dean Rusk Center Annual Lecture* series on November 6, 2006, in Athens, Georgia. A video of the lecture is available for viewing at: www.uga.edu/ruskcenter/conferences.html.

Now, in 1960, as most of you know, the Great Leap Forward in China had been launched two years back. It was about to fail, but that event was not known to the vast majority of people in China. The Sino–Soviet break had occurred, but that was not known, I believe, to the State Department in this country; not known to the CIA either. The famine that was about to engulf China in 1962, as a direct result of the failure of the Great Leap Forward, was about to begin, but people didn't know that. People didn't know that because they were still making steel out of backyard furnaces on orders from Mao Zedong, who said that China should overtake Great Britain in steel production. In 1960, we were still six years away from the Cultural Revolution, which would completely transform China—in a tragic sense, in a catastrophic sense—but people didn't know that.

What happened in 1960 in this part of the world? In this part of the world, in 1960, John F. Kennedy was about to be elected U.S. president, but it was not a foregone conclusion, by any means. In 1960, as a slight aside, JFK was running in the primaries for the Democratic nomination. He was running against Lyndon B. Johnson. JFK had the Peace Corps as his main rallying point. LBJ had nothing; he was scratching his head about what to do to respond to Kennedy's challenge. One day he bumped into—this is a true story—a congressman from the newly minted state of Hawaii, which had just joined the Union, and he was chatting with the congressman about what to do. This Democratic congressman said to LBJ, "Why don't you form the East–West Center." And LBJ said, "What's that?" And the congressman replied, "Well, it's not yet formed, but why don't you do that anyway." The East–West Center is now, of course, a major think tank in the Pacific. As a direct result of that conversation, $10 million were earmarked for the state of Hawaii. I think that is the first occasion in history when the money preceded the concept. So, Hawaii got this bunch of money, and then they decided to set up a center to forge relations across the Pacific between east and west, between Asia and the United States.

The Space Race was about to begin in 1960. The Berlin Wall was about to be built, but that wouldn't be a reality for another year's time. The cold war was about to reach the first of its many climaxes with the Cuban Missile Crisis of 1962. People didn't realize that yet. The Vietnam War was about to escalate, but that was sometime into the far future.

Now, we fast forward to the year 1980. The world in 1980, 26 years back, was still scarcely recognizable from today's perspective. What was happening in China in 1980? In 1980, the Cultural Revolution had been officially declared closed for the past four years; it was officially declared closed in October 1976 upon the death of Mao Zedong. The Four Modernizations Movement, which reengaged China with the outside world, had been launched in December 1978 by Deng Xiaoping, but that experiment was still scarcely a year old; people still did not see the results.

In 1980, Shenzhen, which is [Hong Kong's] immediate neighbor north of the border with mainland China, was still a sleepy fishing village with a population of 20,000. Today, the lights of Shenzhen outshine those of Hong Kong. Shenzhen is now a mega

city of 7 million people compared to 6.8 [million] in Hong Kong. It is a major high tech research and development center, but who could have guessed that in those days? In those days, we had a lot of refugees from mainland China. They traveled by night in order to avoid detection by the border guards and the authorities during the day, and they navigated by reference to the lights of Hong Kong reflected in the clouds. Today, Shenzhen is actually brighter than Hong Kong. On the Hong Kong side there is actually a green belt.

What happened in 1980 in the United States and Europe? In 1980, the Thatcher–Reagan revolution was about to be launched. Margaret Thatcher became prime minister in 1979. Ronald Reagan was about to become president in 1981. In 1981, IBM released its first personal computer [PC] as a commercial commodity. We are now, today, in the 25th anniversary of the PC. In 1981, IBM predicted that 300,000 PCs would be sold by the year 1990, projecting ten years into the future. Does anybody in this room have any idea about the accuracy of that estimate? Was IBM accurate? Inaccurate? What's the guess? Wholly inaccurate. By what degree? By what degree of inaccuracy was IBM in error? Any idea? [*Answers being given from the audience.*] Dead on. It was an under-estimate of the market response by a factor of 100. In fact, 30 million PCs were sold by the year 1990.

In the year 1980, the mobile phone market was in its infancy. In 1980, you scarcely saw those awful phones which we referred to as 'thermos flasks,' at least in my day. I'm showing my age now. It's heavier, actually, than a thermos flask. You could hit someone over the head with it, and I guess it is pretty good when you get mugged—you have protection. Now, in 1980, the Internet was not a commercial commodity. It was still stuck in its infant phase—as a means of communication for the defense industry—and commercialized Internet was still more than a decade away.

Now, let's fast forward a quarter of a century to this year, 2006. What's the state of play in China? Who could have guessed 25 years before 2006, or 45 years before 2006, that China's economy would grow at an average of 9.6 percent per annum for the past 25 years—being the highest and the longest period of sustained growth in recorded human history? Indeed, growth for the first quarter of 2006 is actually faster than for the previous 25 years; it recorded over 11 percent real growth. Little wonder that, in the late 1990s, China was itself considered as a candidate—the country—as a candidate for the Nobel Peace Prize for basically resolving, after maybe four or five thousand years of history, a perennial problem—that of famine, that of not having enough food to feed its people. For the first time in the history of China, you had enough food on the table, you had clothes on people's backs, you had jobs for the people, and you had a burgeoning middle class; pretty modest to be sure, but still a middle class.

By January of this year, China became the world's fourth biggest economy with a GDP of $2.26 trillion, overtaking France, overtaking the United Kingdom, overtaking Italy and coming immediately after the United States, Japan and Germany in terms of economic size. And, if you adjusted for both Purchasing Power Parity (PPP), as

well as an unappreciated Chinese currency (Renminbi), many economists would say that China had already surpassed Germany in becoming the third biggest economy in the world.

Three years back, in 2003, China edged past the United States as being the biggest recipient of foreign direct investment (FDI) in the world—at $53.5 billion, outstripping that of the U.S. at $40 billion. For the past 25 years, China absorbed FDI of close to $600 billion, and three years back China's exports to the world were already standing at close to $0.5 trillion compared to the world GDP of $6.5 trillion. In the year 2003, China plus the three tigers of Asia—that is to say South Korea, Taiwan and Singapore—had an aggregate GDP equal to the combined total of the five biggest economies in Europe; in other words, equal to that of Germany, France, UK, Italy and Spain combined. In the same year, if you added the economies of Japan and India to China, South Korea, Taiwan and Singapore, those six nations had a combined GDP of $13 trillion, which was bigger than that of the entire 25 member European Union—bigger, in fact, than that of the entirety of the United States. In 2004, China edged past Japan to become the world's third biggest trading nation, after the United States and Germany, with $851 billion in foreign trade. In January of this year, China had accumulated $819 billion of the world's foreign currency reserves out of a total of $3.5 trillion, including $175 billion in U.S. Treasuries. The amount of China's foreign currency reserves are projected to reach $1 trillion in a month's time.

Now, let's project into the future a little bit—look at the world in the years 2020, 2025, 2030, 2040 and 2050. When you start undertaking that kind of exercise, you begin to realize that China becomes a Rorschach test. In other words, you see what you want to see. You can either see China as the world's greatest market—mankind's greatest hope. Or, you can see it as the sum of the West's greatest fears. And, this is not new. This type of projection is not new because, remember, 200 years ago, at the beginning of the industrial revolution in Europe, which of course started in England, the supposition was that if you could just persuade every Chinese person to add one inch to his coattail, you would keep the cotton mills of Lancashire spinning for a century. That was the way marketing people spoke in the early 19th century, in Jane Austin's era. And, indeed, this type of projection perhaps tells us more about ourselves than anything else. But still, it is an interesting venture.

Goldman Sachs recently undertook a study of the so-called "BRICs" economies, projecting to the year 2050.[1] And, of course, the BRICs study covered four emerging economies: Brazil, Russia, India and China. It measured three criteria: first, were demographic projections; second, was capital accumulation; and third, was productivity growth. Using those three benchmarks, they compared the four BRICs economies with the G6 [Group of 6]. The G6 is, of course, the U.S., Japan, Germany, UK, France and Italy—the strongest economies in the traditional West. This is what they found:

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[1] Roopa Purushothaman, "Dreaming with BRICs: The Path to 2050," *Global Economics Paper*, No.99, Goldman Sachs (2003).

- In 2004, the BRICs economies equaled 15 percent of the combined GDP of the G6;
- By the year 2025, the BRICs economies would be 50 percent of the combined GDP of the G6;
- By the year 2030, India would have overtaken Japan in terms of the absolute size of its economy;
- By the year 2040, China would have overtaken the U.S. in absolute economic terms, although if adjusting for PPP, China would have exceeded that of the U.S. by the year 2020;
- In the year 2040, BRICs would have exceeded the whole of the G6, and by the year 2035, the Brazilian economy would be bigger than that of Germany;
- By the year 2050, the four biggest economies in the world would be (1) China, which will have overtaken the U.S. by 2040; (2) United States; (3) India; (4) Japan;
- And in dollar terms, in 2050, China GDP would be $45 trillion, compared to U.S. GDP of $35 trillion.

That's the Goldman Sachs projection.

Clyde Prestowitz, a name I think well-known to all of you in this room and I'm sure known personally by many around this room as well, predicts that in the year 2050, China will be the world's biggest market for nearly everything. It will be the world's biggest recipient of FDI, the largest overseas investor, the world's largest international creditor, the largest shareholder of the World Bank and the IMF, and the single most important member of the WTO. And, to quote a Singaporean official: "The supposition is that China would emerge like a new sun in the solar system."

A recent poll taken in Thailand says that 75 percent of Thais considered China to be their closest ally, compared to only 9 percent of Thais who regard the U.S. as their closest ally. Australia, the U.S.'s staunchest ally in the Asia-Pacific, has made it plain—through their Minister of Foreign Affairs, Alexander Downer—that Australia should not be asked to choose between America and China because one is a traditional strategic ally and the other is a major trading partner. Downer actually said, in 2004, that if a conflict were to break out over the Taiwan Strait, Australia would have great reservations about joining the United States as it had done unthinkingly in Iraq. In Malaysia, the first major foreign visit by the new prime minister, Abdullah Ahmad Badawi, was to China, where he met with 800 business executives.

Now, let's put aside all of those hyperventilating projections, and let me offer you something more sober to think about. I do think it is worthwhile not to get too carried away when we talk about China, and not to fall into this Rorschach test paradigm. We do know that in the year 2030 China's population will peak. It will peak at 1.5 billion and then it will start to decline quite rapidly; in fact, very rapidly. Indeed, the aging population of China is something that the world has never before experienced. China would be saddled with a demographic burden unprecedented in human experience, because you would get—I suppose, theoretically—one working individual supporting two parents who may be on the verge of retirement, supporting four grandparents

who would be completely retired. So, you would have an inverse pyramid, and that has never happened before in human history anywhere in the world.

You saddle that, or you combine that, with the lack of a proper pension system (which does not exist in China), and the lack of a proper health care system (which doesn't exist); and the lack of those two things means that the enormous savings of the Chinese people—and, of course, Chinese people are well known to be frugal and to save, rather similar to the Japanese—those enormous savings are not plowed into investment or research and development (R&D). Indeed, the stock market in Shanghai is embryonic in its regulatory infrastructure, and, therefore, people are shy about investing in the Shanghai market. For example, in the case of the recent huge initial public offering (IPO) of the Industrial Commercial Bank of China (ICBC)—the biggest IPO in the world netting $21 billion—there was a price differential compared to the Hong Kong stocks, which are the ICBC shares listed on the Hong Kong market, trading at a premium. Those stocks are trading in a mature market with a regulatory system which is benchmarked to the SEC in this country; as opposed to Shanghai, where the same stocks are trading at a discount.

So, where do the savings go? The savings actually go beneath the mattress, as it were, to save for a rainy day. Chinese people know that they need to save in order to take care of themselves or their parents or their grandparents come a rainy day; in order to take care of themselves into the future when they have no pension and they may not be in the labor market anymore. We do know, on the plus side of the coin, that the insurance system is just beginning, and that, of course, is a major market opportunity. That is why all these companies, including American International Group, Inc. (AIG), are rushing to get into China; because this is a market that has not yet been exploited—that, and the health care system.

Let us take a more sober look at the China market today. The China market today is still only 10 percent of the U.S. market. When we talk about projections, most of the specialists use straight line projections. One can't really blame them very much for that, because there are so many imponderables. China today may be the world's biggest trader, but China's share of global imports, which is 5–6 percent, is only one-third that of the United States'. China's share of world income and output is still modest in global terms; again, 5–6 percent of the world output.

How do Chinese people see themselves? How does the Chinese government view their country? Chinese people are realistic and so is the government. They see China as a low income developing country, with an economy which is, right now, only one-seventh the size of the United States' and only one-third the size of Japan's. It is also a country very poor in natural resources: in terms of oil and gas, it has only 8.3 percent of [the] world average; in terms of copper, only 25.5 percent of [the] world average; in terms of aluminum, 9.7 percent of [the] world average. Not a country, you know, heavily endowed with natural resources.

Clearly, in some areas, in some commodities, China is very strong—like coal. But,

the coal you get in Shanxi Province—which is where most of the coal comes from—is soft, brown, polluting coal. It is not anthracite; it is not the good black stuff. And indeed, that, coupled with the lack of a proper transportation logistic system, means that you get brown-outs in Shanghai and you get brown-outs in Beijing, too. As I'm sure many of you know, having traveled to many of those places, you get energy shortages down in the Pearl River Delta, which is, of course, the workshop of the world—where Original Equipment Manufacturer (OEM) manufacturing takes place for the world's name brands. Indeed, down in the Pearl River Delta, which is just north of Hong Kong, China imports anthracites from the Peabody Coal Company in Colorado. That is not a well known fact. Indeed, it makes more sense—it is cheaper, more efficient—for China to buy coal, which it is now doing, and ship it all the way from Colorado to Guangzhou, than it is to get coal down from Shanxi Province.

So, three major challenges arise for China: (1) How to deal with the shortage in natural resources. Indeed, how do you deal with an energy crisis? How do you deal with energy shortage? The answer is, I guess, bifurcated. You could compete for resources, which could lead to friction; it could even lead to war, and that, of course, was a major source of the Pacific War which resulted in Pearl Harbor when Japan could not access Indonesian oil in 1941—when there was effectively a U.S. naval blockade of Japan accessing Indonesia. Or, you could collaborate. That is one of the areas of investigation or discussion that the U.S. Treasury Secretary, Hank Paulson, was exploring in Beijing not so long ago—how China and the United States could collaborate in securing energy supplies for both countries.

(2) The second major challenge China faces is environmental degradation—and that is both a result of human causes, as well as a result of natural development. We know that the desertification of north and northwest China is the severest in Asia. Indeed, the degree of desertification from the Gobi Desert, also from the Taklamakan Desert in Xingjian, is of a degree of severity that it approaches that of the Western Sahara. Water from the Yellow River has not reached the sea for the past four years. Water tables have been falling in Beijing and Shanghai, and we know that has very severe implications in terms of the construction industry and in terms of infrastructure development; indeed, in terms of further building in both cities.

(3) The third major challenge China faces is a disjuncture between its runaway economic development and the much slower social development. I have already mentioned the lack of a health care system and lack of a proper pension system, but there is also tension between maintaining high GDP growth as well as social progress. And, there is tension between upgrading technology and increasing job opportunities; those two, although not mutually exclusive as such, nevertheless rub up against each other. There is a need to keep developmental momentum in the coastal regions (which are very rich in the three main clusters of growth)—[the] Bohai Gulf, which is, of course, the Beijing, Tianjin, Liaoning area; [the] lower Yangtze Delta, centered on Shanghai, Hangzhou and Suzhou; and the Pearl River Delta—whilst encouraging investment in the hinterland, particularly in the far west; in very poor regions like Sinjiang, Qinghai, Tibet and so on.

Then, there is the tension between urbanization and nurturing agriculture—with 10 million people moving into the cities every single year, which is an aspect of the biggest rural-urban migration in human history. Right now, for a country of China's economic development we have a disproportionate number of people still living "down on the farm," as it were. Fully 65–70 percent of China's population is rural. Ten million are moving into the cities, both legally and illegally, every year. Couple that with the rising population, which has not yet peaked, and what is the answer? China needs to create 20 million new jobs every year just to maintain the same level of unemployment; just to keep at the same spot, China needs to create 20 million new jobs.

That's why, and perhaps it is not surprising, many American observers living in China regard the job in the White House as a cake walk compared to being president of China. Those 20 million new jobs will be affected if, for example, there is a trade war between [the] United States and China, or between the EU and China; if, for example, the EU starts restricting imports of Chinese shoes; if, for example, the U.S. starts restricting imports of automotive parts, and so on and so forth. So, the domestic issue is an international issue. The trade issue is an employment issue. And, those constraints—those challenges—are very severe in China; like they are in this country, but on a different scale.

Then, you get the imperative—the policy imperative of narrowing the gap between the rich and the poor, whilst maintaining economic vitality and efficiency, whilst believing in the market. You need to attract foreign investment, but you also need to enhance the competitiveness of indigenous enterprises. You need to deepen reform. You need to preserve social stability. You need to open your domestic markets but without sacrificing manufacturing independence. You need to promote market driven competition, but you also need to take care of the disadvantaged parts of your society.

Those are the challenges facing China today, and those are not easy questions to answer. In order to meet this challenge, what does China do? China has said that it will eschew traditional paths to power. It is not going to follow the path of development of, for example, Germany at the turn of the 20th century—which led to a naval competition with Great Britain, which led to 1914 and World War I. It has also said it is not going to follow the rise of Japan in the 1920s, which, of course, led to colonization in Korea and Manchuria, and led to competition for resources leading to Pearl Harbor. The official policy is to go for a peaceful rise in order to attract high investment, resolve resources, and industrialize by relying on technology, economic efficiency, and low consumption of natural resources relative to population. Whether China will succeed or not is, of course, a different question, but that is the official policy.

China today is a China trisected. Trisected because there is not one China, there are, I suppose, three different Chinas. There is the China of the peasant—the first wave of transformation, which many in this room probably have not seen, and I don't profess to know this directly myself. There is the China of industrialization, which many in

this room will be familiar with. That is the second wave. Then there is a third wave, which is the building-up of a knowledge intensive economy. What we're seeing right now is a simultaneous revolution of the second and third waves; the industrialization coupled with the building-up of a knowledge economy. There are currently 1,700 universities in China working on the third wave.

There is a saying in China that has, as it were, caught the imagination: *third class economies do OEM manufacturing for the big name brands; second class economies own those name brands and cream off the profits; first class economies set standards in industry.* It is really that third wave revolution that seeks to impose standards in certain sectors such as memory chips in computers, DVD players, and in the mobile phone market. We know that there are 377 million mobile phone users in China today, a figure that dwarfs any other market. We have 111 million Internet users in China; again, a figure that dwarfs anything else in Asia. A guy [named] Robert Fano, former president of Sprint Japan, has said that within the past ten years China has developed one of the most advanced telecommunications infrastructures in the world, and, by the year 2010, China will have the single most advanced telecommunications infrastructure in the entire world.

We know that the Beijing Genomics Institute has broken the genetic code for rice in record time. We also know that this phenomenon will gather pace because—whereas in the old days people thought that you could outsource manufacturing, but you could not reasonably outsource R&D—industry is now finding that R&D needs to go where manufacturing is located in order to access the problems that manufacturing face and in order for the solutions to be provided for in good, real time. So, we've seen—as a result of that recognition—General Electric; Microsoft; Dell; SAP; Hewlett Packard; Sony; Accenture set up R&D centers all over China.

We see that also from Microsoft's own experience. The first Microsoft R&D campus was set up in Redmond, Washington; the second one in Cambridge, England in the late '90s; and the third one was the Beijing campus set up less than three years ago. At the Beijing campus the atmosphere is extraordinary. It is more difficult to get one of 200 places in the Microsoft R&D Center in Beijing than it is to get a scholarship to Cal Tech or MIT. It is so competitive that Microsoft is the only institution outside of China's universities allowed to confer PhDs on its interns, and it does so within the first year of admission. Microsoft did an assessment of the quality of research at the three campuses, and they found that within two years the quality of the research in Beijing had completely outclassed that in Redmond and also Cambridge; so much so, that Microsoft decided to double the intake in Beijing.

But, China's ambitions are still modest because the projection—the more realistic projection—is that by 2010, after ten years between the year 2000 and 2010, the GDP is expected to be doubled. It will double again between 2010 and 2020. Still, by 2020, the per capita GDP would only be $3,000, very modest indeed. In terms of absolute size the economy would be very big, but in terms of the standard of living of the people, still lower middle class. The long-term projection or long-term ambition, if

you like, is that between the year 2020 and the year 2050 China will become a middle income developed nation. For this, China needs stability. China does not need to be adventurous. China needs to be locked into the international grid.

The great irony today is that China has become a status quo power. China has bought into the Bretton Woods consensus, while at the same time the chief architect of the Bretton Woods consensus, at least under the current administration of the United States, appears to have turned its back on Bretton Woods and gone unilateralist. That is one of the paradoxes of the age that we live in. China has agreed to spread its wealth around Asia. It doesn't want to scare people, so it has agreed to increase imports from all around and it has increased imports in the past year from the Association of Southeast Nations (ASEAN) by 33.1 percent, from Japan by 27.3 percent, from India by 8 percent, from the United States by 31.4 percent.

At the end of the day, what are we talking about? Ultimately, by the year 2050, China would have regained its natural equilibrium. What do I mean by that? I mean that for the past 20 centuries (2,000 years)—for 18 of those centuries China was actually the biggest economy in the world. It was still the biggest economy in the world in the year 1820. In the 1500s, China was the most advanced economy—technologically—anywhere in the world. It had paper currency which was invented 1,000 years before that. It had the equivalent of bills of exchanges. It had moveable type printing press, long before Gutenberg. It had gun powder, silk, tea, rudder sailing, compass navigation, you name it. So, what happened? What happened to reverse those fortunes?

In the year 1500, Europe was in the full throttle of the Renaissance. Reformation was about to come. The Age of Enlightenment followed that. The technological revolution was gaining pace. By the year 1800, unquestionably, Europe was technologically far superior to China. And, it was unfortunate, I suppose, that that led to a phase of mercantilist expansion—leading to the Opium War—which is where my story begins because I am a son of Hong Kong, I suppose. The Opium War was a direct result of a trade contest because the British liked to drink tea, and so much tea was being imported into England—paid for in silver by the UK Treasury—that silver was drained. Instead of paying in silver, the policy was to encourage opium growing in Bengal, British India, and export that to China. That led to destruction of opium stocks, confiscated by China, which led directly to gun-boat diplomacy and the secession of Hong Kong as a result of China's defeat in the first Opium War.

All of that is history because we are entering a new era. Or, if you like, we're going back to the future, because it is reversing back to a natural order of things. I am going to end on this note. In March of this year, we had our annual meeting of the Chinese People's Political Consultative Conference [CPPCC], which is quite a mouthful. It is like, as Don was telling you, an advisory group, like an upper house in China; the equivalent thereof, but not nearly as powerful as your Senate—much more like the House of Lords in England, some would say equally toothless and useless. We debated two themes:

The first was a quality versus quantity issue. What do I mean by that? A paper was delivered which said, as follows: We in China make the vast majority of flat screen, high definition, plasma and LCD TVs in the world. We also make all the software for computer games. The margins are getting thinner and thinner by the year because it is OEM manufacturing. We don't own the name brands. It is more difficult every year to make a profit when we sell those flat screen TVs. What do we get in return? We get pieces of paper with U.S. presidents' portraits on it. And what do we do with those pieces of paper? We buy treasury bonds, other pieces of paper. We're running around like crazy just to stay on the same spot. In the meantime, Europeans and Americans watch our flat screen TVs, and play our computer games. So, the question is asked: Who is smart and who is stupid?

The second theme explored was a question of cultural deficit. China is proud to have the longest continuing civilization in the world, 5,000 years. It is the birth place of Confucius culture. This is the oldest system of political philosophy in the world, which, I suppose, has successfully kept a country coherent and cohesive for 5,000 years. It is nonagressive. It resolves dispute. It is peaceful. And yet, today, when you watch TV, the question is asked: How much of that content is Chinese and how much is foreign? In fact, the bulk of it comes from Hollywood; 80 percent at the last count. What percentage comes from China? Almost zero. I mean things are getting slightly better, I suppose, with the rise of Chinese Cinema, but still a long way from mainstream. Therefore, the question is asked: Why is it that Chinese culture is so much less prevalent, less attractive, if you like? And the answer is: We have to make it relevant. We have to make ourselves relevant. Otherwise, why should people bother? There are lessons there to be learned.

Lucian Pye, the great sinologist from MIT, put his finger on the pulse when he said that China is really a civilization masquerading as a nation state; it is less of a "Westphalian" construct because we never went through the Thirty Years War. It is much more a traditional civilization which is trying to squeeze itself into this rubric known as a nation state. John Fairbank, the father of Chinese studies at Harvard, was asked a question maybe 40 years ago, in the mid '60s during the height of the Vietnam War. He was asked: Why would anybody bother to enroll in your program? Why should you learn anything about China? What is the relevance? He gave this answer. He said: Well, you know, if a Martian were to land his space craft, instead of in Kansas City, he happened to be landing in Chang Jiang, Yangtze River, in the middle of China, he would think that he was visiting a different planet from Kansas City that he visited maybe the week before. You want to learn about China because you want to see how the other half of humanity lives. This civilization—which has developed so separately from the rest of mankind as a result of geography, and as a result of history—is showing us a different way to arrive at a certain result. You may not agree with that result, you may not agree with the way, but at least you find out how they do it and why they do it.

In the year 1999, an article was published in *Foreign Affairs* by the late, British sinologist Gerald Segal. Gerald Segal wrote a very provocative article which he entitled, *Does*

China Matter?[2] He actually answered at the end of the article that China doesn't matter. The thesis was as follows: China promises more than it can ever deliver. And, he expanded the thesis. He said: China is Brazil; China is like Brazil, because China is always the great promise. It is always the market with enormous potential, but it simply doesn't deliver. It's really a middling power of no great consequence. Not surprisingly, that article, published in 1999, unleashed a huge firestorm of intellectual protest either for or against his particular thesis. It was a field day for academics and sinologists for at least a year post that particular article. But, the best response to that thesis—Gerald Segal's thesis—came from a guy [named] Minxin Pei, who is now at the Carnegie Institute. He is originally a native of Shanghai, came to the United States in 1986, studied in this country, stayed, and now works at Carnegie. He wrote a letter to the editor of *Foreign Affairs,* and it was really a one-liner of a letter. Basically, he says: I refer to Gerald Segal's article; my answer is as follows to his question, *Does China Matter?* He says, "If the Chinese experiment in modernization were to succeed it would change the face of the earth. If the Chinese experiment in modernization were to fail, it would unleash the greatest humanitarian disaster the world has ever known. So either way, China matters."

Thank you very much.

(Applause)

The lecture was followed by a short Q&A session with members from the audience.

Question: Thank you so much for coming. As a computer science instructor I am very impressed by your description of the R&D revolution that is going on in China, but it is currently all under the auspices of American and other foreign firms. At what point, and by what mechanism, will the ownership and control of this intellectual activity pass to China?

Fung: It is actually happening already. I was giving illustrations, I guess anecdotal evidence, of certain instances where you have American corporations sponsoring or spearheading the R&D, but in fact, in absolute terms, the vast bulk of R&D is done indigenously by Chinese companies, and that will gather pace. We don't have very good statistics right now on what is happening, but we do know that there are major breakthroughs. For example, breaking the genomics of rice; that is completely home grown. That is not a foreign enterprise at all. I think the economists—certainly of the World Bank—realize this: that China is not just sort of a cheap place to do manufacturing with cheap labor. In fact, it can do high tech, low tech, and middle tech. It is really a full spectrum manufacturing center. We will see—my prediction certainly—in the next ten years, a wave of Chinese brands hitting the market. We have seen a little bit of that; we've seen Lenovo, we've seen a bit of Haier, and so on. But, as it were, you ain't seen nothing yet. We have seen, for example, the big Japanese brands emerge in the '50s and '60s. We have seen the Korean brands emerge—Hyundai,

[2] Gerald Segal, "Does China Matter?," *Foreign Affairs* Vol.78, No.5 (September/October 1999).

Samsung—in the ‘80s. We have seen the big Taiwanese computer brands—Acer and so on—emerge in the late ‘80s, early ‘90s. We do know that Chinese brands will emerge.

Let me tell you a very short story—very quickly, so as not to bore you. For many years, Chinese shoe manufacturers could not do proper boots. They couldn’t make shoes like the Italians could. Now, they have solved the problem—they can do really world class shoes. This came to me very graphically 18 months ago. I was up in Beijing doing my annual meeting of the CPPCC—this was in 2005—and on one of my breaks I went down to the shopping mall underneath the Grand Hyatt Hotel, which, as many of you know, is the Oriental Plaza. I walked into a boutique and I saw a pair of boots that I liked. They cost me $100, the equivalent thereof. I wore that pair of boots into the most expensive, snootiest shoe store in London, called Berluti, which is a branch of the Florentine boot store in Florence that sells shoes for £1000. That is the average cost of a pair of shoes in that store. I’ve been in that store twice in my life. The first time I went in I was scarcely acknowledged because, basically, in that store if they sell you a pair of shoes they are doing you a huge favor. The second time I walked in was shortly after I bought this pair of boots in Beijing. I walked in and the salesman was falling over me and I thought to myself: What is going on? He actually asked me—this is the Italian salesman—“Can you please show me the pair of boots that you are wearing? Would you mind taking them off?” I took them off and he said, “Where did you get them?” I said, “China.” He said, “Amazing.” I said, “Well, if I tell you the price you would be even more amazed.” I told him $100 as opposed to £1000. The only comment he made was this: He said, “Why, if the Chinese can make shoes this good, do they not brand it themselves?” And I said, “They will do it; it will happen.” It has not happened yet, but it will happen.

Question: Can you give us a preview of the CPPCC’s advice to change the two issues that you posed?

Fung: Well, there’s no short answer to either question because on the first question—quality versus quantity—the consensus is that we must move into quality manufacturing. In other words, it makes no sense to mass manufacture at thinner and thinner margins. You are basically depressing the market. And, you’re making life impossible for everybody; not just for the Chinese, but worldwide. You must move up the ladder, upscale into quality manufacturing. That’s the answer to the first question.

The second question of cultural deficit—in fact, China is trying to do something about it. China has established, starting this year, Confucius Institutes worldwide. In other words, this is the equivalent of the Goethe Institut or the Alliance Française which have been so successful—or the British Council—as models for cultural export, cultural language export. And so, Confucius Institutes are established. I believe there are many established in this country, and usually they partner with a university. I was actually at the University of Vienna in the summer as a guest speaker, and they told me they had just established, with the Chinese government, a Confucius Institute

which is actually run autonomously by the University of Vienna, and the head of the Confucius Institute is a Viennese Austrian. So, there is no cultural chauvinism here. Clearly, you do not need to have a Chinese head of a Confucius Institute. I hope that you get one at the University of Georgia soon.

Question: When you talk about the problems or the challenges that China faces today, you talk about oil, gas, the system, but with regard to one of the major problems—particularly as a member of the advisory committee—how do you help the Chinese government to crush corruption? That has really been a major problem. It has definitely affected the fairness of business—not only internally, but also internationally—because of bribery, particularly this year. Look at the pharmaceutical companies; they bribed the Chinese equivalent of the FDA to try to get their product approved. So, if that continues—in the next five, ten, or whatever time span you talk about—as we know from the past, the more they try to control the corruption, the more corruption occurs. From that point, how does the government—how do you, as a member—really advise the government on how to control that problem? I think it is a major problem for China for many years to come.

Fung: I think you are dead right. This is a major issue that needs to be resolved. The problems of corruption in China, of course, are not peculiar to China. They are actually, as it were, endemic throughout the developing world. Everywhere where you do not have rule of law, regulatory transparency, a mature system, you are going to get corruption. But, as far as the Chinese government's recognition of the problem—clearly they want to resolve it and they want to crack down on it, and you've seen, I think, in recent months the crackdown in Shanghai which has now moved to Beijing. And, unquestionably, officials at a very high level, including at the Politburo level, have been arrested and that campaign has not stopped. Now, the issue of tackling it, root and branch, is much more fundamental. What you need to do, ultimately, is to pay public servants a living wage. If you do not pay public servants a living wage, you're never going to resolve this problem. That is an issue which is very difficult, but it is very important. You can rest assured that this is a problem that we do not, as it were, let the government off the hook on. We press on those issues, and those issues affect not just people in China, as you mentioned, but it affects all foreign investors, including of course Hong Kong investors and Hong Kong manufacturers. We have to deal with that system, and nobody likes to deal with a corrupt system. We have made some progress—not enough—but it is recognized, and it will be tackled in stages starting with the crackdown in Shanghai which has now moved to Beijing.

Question: Maybe I'm wrong, but I have a sense that the United States has been more cautious and defensive towards China's rise compared to how it has been towards Germany's rise and Japan's rise, which are the number two and number three economies of the world. First question, am I right? Second, why is that?

Fung: Well, we all know that in terms of policy there is a huge combination of politics involved. I suppose the concern in this country is whether we are dealing with a zero sum game—whether the rise of China would mean that there is less to

go around for the rest of the world. The competition over oil and gas, for example, reveals the competition at its severest. So, you have pressure put on Kazakhstan starting in 1991 not to build a pipeline into China, but to build the BTC pipeline—the Baku–Tbilisi–Ceyhan pipeline—into Turkey so that all of the oil is shipped through the Mediterranean to Europe and the United States, as opposed to via Russia or as opposed to via China. That game has been played out for the last 15 years. It has been resolved now with China having one oil field in the Aktobean area in north central Kazakhstan which they purchased off the Canadians through a listed corporate vehicle. And, there is a pipeline built to Xinjiang. There is a bit of easing of the energy supply pressure there. So, there is a certain, I suppose you call it, concern in this country—which is, of course, a superpower—that whenever you have a new power emerging you're going to get an erosion of your strategic edge. The answer is how do you manage that rise because, like it or not, China will rise. You can either impede that rise—slow it down, decelerate it—or, you can work with it. The recent Hank Paulson visit to Beijing is, I think, a very positive recognition that one can work together with China to ensure that the rise is peaceful and constructive. So, there are moves to talk about collaboration in securing energy supplies.

(Applause)

Who Runs Who: *Does Europe Follow the U.S., or the U.S. Europe, on Major Policy Issues?*[*]

Diana Wallis

Diana Wallis: Thank you for inviting me here today. One of the things that has always been important to me—both as an elected parliamentarian and, indeed even before, as a lawyer—is what I would call 'exchange and interchange' between various peoples and various countries. We can always learn so much from one another. Europe to me epitomizes that, but it is good when Europe looks outside of its own boundaries. In that sense it is brilliant for me to be here. I am also spending two days in Washington, and that is really something quite special for me.

For the title of today's lecture, we chose: *Who Runs Who: Does Europe Follow the U.S., or the U.S. Europe, on Major Policy Issues?* Now, of course, it's a provocative statement. I won't pretend that I'm going to give you a straight answer. After all, I'm a politician. I'm also, can I say, perhaps a rather diplomatic, European politician. But anyway, I do think it deserves the idea of comparing [the] U.S. and [the] European Union, how we approach certain things. Your institution is, of course, one that is interested in comparative law. Comparative approach always has its merit, but we always know that when we compare things that we cannot lift or transplant something from one place to another. We can perhaps learn, and we can perhaps use, but it cannot always be directly transplanted.

It is perhaps useful for you to know why I'm actually going to Washington—to have an idea what brings a European parliamentarian to your country. And indeed, I'm here, in a sense, on a quest for information—for knowledge—that might inform how we can do things better; that we might learn some things from you. We might also disregard some of the things you do. The two issues that bring me here are, perhaps, interesting.

First of all, within our Parliament I have responsibility for the issue of transparency, and included in that is dealing with our friends—lobbyists. And, perhaps the European Parliament—when you think how Parliament is really not that old, our institutions are not that old—in some ways some people might think we are a bit immature in the way we deal with lobbyists. We are incredibly open as an institution; perhaps, some would say, too open. By some estimates, we are told that there are now more lobbyists in Brussels than in Washington, which is pretty scary. So, I have come here to see if we can learn some lessons with how we grant access to our lobbyists; what we make

[*] This lecture was presented as part of the *Willson Center–Dean Rusk Center Annual Lecture* series on November 6, 2007, in Athens, Georgia. A video of the lecture is available for viewing at: www.uga.edu/ruskcenter/conferences.html.

them reveal in terms of information. And, as I say, some of your experience may be valid, some of it we may disregard.

Another exercise which also brings me here—you've heard that I have a legal background. One of the things that we are looking at at the moment in Europe, where we see a gap in our legal architecture, is that we do not have anything for our citizens in cross-border terms that would represent what you know as a 'class action.' It is also a bit scary if you say 'class action' in Europe. People get very scared. We're talking, instead, about collective redress; that sounds nicer, sounds more European. So, we've come to see what we can learn from you—what we like the look of and, again, what we might accept, what we might modify, and what me might put the European label on.

Yesterday's colloquium was also interesting for me because some of the speakers were kind enough to say that when it came to conflict of laws rules maybe Europe was a bit ahead of America. That was instructive for me. So you see, you can get different answers on different questions. But, what I want to emphasize is the way in which we can certainly learn from one another.

What I want to do, today, is to take a series of very topical global issues—I want to look at the way in which Europe approaches those, and the way those issues are perhaps defined in terms of European values and may, in a sense, give us something of the answer to the question that is posed in terms of: *Who runs who?* But, before I start on those lists of issues, I want to preface what I'm going to say with something of a health warning, as it were. We should be very, very careful when we compare the European Union and the United States. Your country is just that, it is a country. It is a federal nation. The European Union is most definitely not—not a nation state. It's very dangerous to fall in that trap of comparing it in that way.

Some people have described the European Union as an 'unidentified constitutional object.' In other words, it doesn't fit into any neat categorization. It is a product of international treaties between the various countries that make it up, and they all remain sovereign countries. It is interesting to think that in the last month Europe has actually rejected the idea of having a constitution, even a constitutional treaty. Now we're talking about a reform treaty. It may just be playing with words, and the content may be very similar, but it is important in terms of the way that we view Europe.

Europe is, if you like, perhaps the biggest experiment we have ever seen in terms of supranational democracy—I am a directly elected politician, like any other politician at national or local levels; I have a constituency of some five million voters; I represent them; I make legislation on their behalf in a parliament that is a full legislature. That is really something quite special at this supranational level. So, before I start, be very careful—Europe is not a nation, and it is not anything that should be looked at in those terms. We may have a motto, we may have a flag, we may have an anthem, but we don't want a constitution. So, there we are.

Let me take the issues that I want to look at; issues which I think define some very particular and peculiar—in some ways—European Union values and show what I believe to be some of the political leadership Europe is capable of showing in the world. The first one I want to take—it is the big one, it is the obvious one—the war in Iraq. Now, if you look at that in European terms you have to think of what Europe was initially about. Europe is built—the European Union is built—on the basis of peace. It is, if you like, an entity that was put together not to wage war, but to wage peace. It is a collection of nations that got together after two horrendous world wars, determined that should never happen again. And yes, we've been successful on our own continent; we've stopped that ever happening again.

We've had conflicts outside of the borders of Europe proper, in the sense that we had the difficulties in the former Yugoslavia, but Europe's external policy has always been defined by being non-aggressive, non-interventionist. And, indeed, it was perhaps in the former Yugoslavia that that became most frustrating for Europe's public opinion. They wanted Europe to do more; to be, in a sense, more active.

But, basically, Europe is founded on the premise of peace: of providing humanitarian aid—the biggest donor in the world of humanitarian aid; of trying to make this world more peaceful; building democracy; monitoring elections around the world. [Those are] the sort of values that Europe espouses and tries to export, having been successful in maintaining it within its own border. That's why the war in Iraq sits very ill with those sorts of European values, and why you saw, I think, even in my own country, which of course supported the war, the people of Europe taking to the streets in a way we have never seen in many, many years, certainly not in my lifetime; taking this to the streets to protest about this war. Peace is now very, very important and very central to European values.

Also linked to the war in Iraq is another set of values which Europe holds very close to its heart; that is: respect for international law. Now, you might say, "Why?" The answer is obvious, in the sense that the European Union is a creation, a creature of international law. It is a voluntary contract between the various countries that belong to it, and if they don't respect that agreement, which is international law, then the whole thing falls apart. So, of course, the European Union feels very strongly about respect for international law. And, you know, it really hurts, I think, that my own country decided to participate in the way it did in the war in Iraq.

My own party was the only party in the United Kingdom that was against that war. And I shall never forget, because at the time our troops went in I led my political party in the European Parliament, and that morning a representative of our government came to see me. He had a piece of paper, and he wanted to go through with me what he called the legal reasons for us going to war. He had a copy of our attorney general's advice, advising the government that this was indeed a legal war. That gentleman sat in front of me for at least half an hour, probably longer, going through this. During the whole conversation he could not look me in the eye. He could not look me in the eye. And so, I think that showed to me that our country, despite the reasons that were

given, was also not at ease with what we were doing, and, indeed, as I say, it certainly ran counter to the feelings in the European Union as a whole. It may be that my own country has suffered, perhaps, some loss of authority on the international stage because of what was done. But, I think the European Union at least cannot be accused of that. Although other voices may accuse the European Union of not standing up and coming forward in the way it should to deal with these issues.

From the war in Iraq, there is also another issue that it is inextricably linked with, and that's the whole issue of terrorism—what we call the war against terrorism. Now, of course, you have had your experience here in terms of 9/11, but you have to think for a moment also about the experiences that we have had in Europe over the years. If I think back to the experience we've had in the United Kingdom with Ireland—Britain and Ireland—when I was a lawyer in London in the late '70s, early '80s, and some of the IRA activity was at its height, you couldn't go in a court building—you couldn't go in any public building without having your bags searched, without having the same sort of security check that we've become used to again today. So, we've known and lived through terrorism before. And, of course, our colleagues in Spain have the same experience with the Basque Country.

What is interesting, of course, is that the Irish problem—which has now thankfully found a solution—has possibly found that solution by virtue of the two countries (Britain and Ireland) being members of the European Union. Certainly, that membership has helped find the solution and, arguably, without it we wouldn't have gotten there. It may be that the problems in Spain will ultimately be solved because of the same reasons. So, in that sense, Europe can help in calming some of these problems.

But what about the type of terrorism that we all face now—that sort of terrorism also poses a threat to what I describe as European values. You must understand that Europe has been built very solidly on the idea of Four Freedoms. One of those freedoms is the freedom of movement, and that—particularly apart from the market idea of goods being able to move freely—means the idea of people or individuals being able to move freely; of frontiers being taken away, borders being taken away. You know, I can remember when I was a school kid going on a school trip to France or Germany or wherever—you had queues at the borders and you had border checks. All of that, across Europe, is now gone. It doesn't exist. Kids that grow up now would have no idea of those sorts of borders. Add to that, the idea of the huge wall we had from East to West across Europe—that, gone too.

Frontiers, borders; anything that goes against freedom of movement is again something that is antithesis to European values. We have grown up now in a world where we think we can move without difficulties. And then suddenly, we're drawn up quick again when we find that when we want to travel; those border restrictions now begin to be reimposed again in terms of all the security we face at our airports and ports. And so, that challenges the European way of thinking. Certainly, it challenges myself and my colleagues in the European Parliament because linked to the idea of freedom of movement is very much also the idea of personal liberty and privacy.

Here we come up against one of the conflicts we had over this particular issue with your country—this feud that we had over what is known as passenger name records or PNR. Your country says that when somebody is coming in by plane from another country you should know in advance who they are, where they come from, and one or two other bits and pieces about them. We felt uncomfortable about that. Let's just say it runs against the grain of European ideas of private liberty. Anyway, the European Commission and the U.S. Government made an agreement about giving passenger data. The European Parliament challenged it successfully in the European Courts of Justice.

Unfortunately, of course—and who is to judge who may be right in terms of security—your government ultimately always had the threat: *If you don't give us the information we'll stop your planes landing.* That's when Europe feels, as it were, pushed and uncomfortable. And, that's when—perhaps you have the slight inclination that we feel a bit like maybe you're trying to dictate your values to us and they don't quite fit with our values. There may be very good reasons, but you have to understand in terms of the comparison—if we draw a comparison between the United States and Europe—that when you impose restrictions on the movement of your citizens, you are able to do that against a fully framed constitution with a bill of rights. Europe isn't at that stage.

As I've said to you, we've just rejected the idea of a constitution. We have something called a Charter of Fundamental Rights, but even some countries—my own leading the charge—are uncomfortable about that existing at the European level. So, that's why we get nervous when governments try to enter into agreements like this because only at the national level do we have the right to challenge that constitutionally. We do not clearly have such a right at the European level. We're getting there, and I would say it is the European Parliament that pushes the boundaries and is very much seen as a champion of individual rights—as a champion of the weaker party, or whatever. But, we're not there yet in the same way as you are as a fully defined and developed nation state. And, we may never get there.

So, I think we can say that in some ways Europe at least challenges ideas about rights, and particularly human rights, on the international stage. And, I think there is one issue that particularly defines the differences between Europe and the United States. That is opposition to the death penalty. You can't be a member state country of the European Union if that country has the death penalty. The two just do not go together, are not acceptable.

The European Parliament has championed for many, many years, and indeed pushed the further abolition of the death penalty outside of our boundaries. Indeed, a few weeks ago I presided—chaired the debate in the Parliament—where we discussed the possible moratorium on the death penalty to be looked at by the United Nations. We wanted to push our Member States to go further in holding out for this, in the United Nations. It was interesting to preside over that debate because all of the voices across the Parliament were in favor of the clear abolition of the death penalty and a moratorium.

We have one member state that had been making noises that maybe it wanted to reintroduce the death penalty—Poland. They've now had a change of government. But, what was interesting—we had speakers in that debate from right across the political spectrum in Poland, even from the extreme right, and every one of those speakers spoke against the death penalty. So, it is a very clear European value that defines the way we see the world; that defines the way we see that particular human right. I know that certain of your states agree with this, but it is also an area that makes us feel uncomfortable, perhaps, with those states in the U.S. that do still have the death penalty.

So, there we are. Those are some ideas about some of the individual and human rights that, particularly the European Parliament—as a part of the European Union—challenges and tries to pursue. There is also, I think, another defining issue which has global reach, and that is the whole issue of the environment and climate change. It's a global issue, I think, where many people—and in my own country we have, I freely admit, a lot of people who are very skeptical about the European Union. But, in terms of the environment and what Europe can do in terms of climate change, they feel quite comfortable. They feel quite positive that: Yeah, this is an area where Europe ought to be active, because pollution isn't going to stop up short at any national boundary. It has to be dealt with by countries acting together. You know, it is one of those issues like peace that affects us all and, therefore, it is a good one for this supranational organization to deal with.

Now, of course, we have an international agreement: the Kyoto [Protocol]. Again, we are back to this idea of international law; respect for international law. As some of my colleagues who attended the meetings leading up to the signing of the agreement tell me, quite clearly, if it hadn't been for Europe sticking together and really pushing hard we maybe wouldn't have got there and had the agreement. Of course, America has signed the agreement, but it hasn't ratified it. I also very much respect the fact that many of your states have decided, of their volition, to try to reach the levels imposed by the Kyoto Agreement. That's great. I rather like this sort of bottom-up approach. But, there it is clear that the EU has actually provided the leadership; in other words, shown the way that allows others to follow and to aspire to reach those standards. So, there you have it, a very clear European orientation.

Linked to the idea of climate change, I just wanted to talk a little about one geo-political issue that over the years I have come to know quite well. Professor Wilner mentioned that I have visited the Arctic, not really on a number of occasions, but many occasions. The Arctic is interesting, and it is interesting because of the challenges it poses to us. It is interesting, of course, because it represents a U.S–EU border. So, we have to think very carefully about this.

How are we going to approach some of the challenges that face us in the Arctic? Are we going to try to approach them with old fashioned ideas and concepts of sovereignty—national sovereignty and territoriality? Ideas that really, I think, belong

in past centuries. Or, are we going to look for some new concepts of supranational governance, so that we can really protect that fragile environment in the Arctic; so that we can respect the indigenous peoples' rights who live there, and that we can together share the resources and the opportunities which the Arctic offers?

That, to me, will represent an extraordinary test of how we decide to go forward, because what we can do is what some of the signals seem to indicate at the moment. As the ice melts, as the oil and gas resources become accessible, as we become able to traverse the Northwest Passage, what we can do is what happened this summer—like the Russians, we can go and plant flags and say, "That's ours." Or, we can start sending coast guard vessels and saying, "This is our bit to patrol." We can start trying to assert ownership. But, would we not be better trying to look at a situation or solution that could be based on international law; something like the Antarctic Treaty. And people will say to you: Well, we can get a treaty in the Antarctic because there were no people there. It is people, unfortunately, that pose the problem in the Arctic. Or, could we have an even more modern approach to supranational governance and resource management in the Arctic?

My view is this (and I hope that you will have understood this from some of what I've said today): that the EU has a story to tell—a narrative is the modern expression—about how we have moved forward based on particular values; how we have been able to develop a method of governance that allows us to share resources [and] to protect resources for future generations. I hope that together we can get that right in the Arctic, because our planet depends on it. It's not just about saving the cuddly, or not so cuddly, polar bear. It's really important and, I think, a huge challenge.

I've taken you through a number of issues, and there are many, many more I could have chosen. I've just tried to choose some of the big ones; some of the ones I think make important points. I hope that your country and the European Union are capable of having a relationship based on respect and not on tension and problems. I believe that when we look at one another's achievements, and use a sort of comparative approach we can learn from that. We can learn much.

Now, there may be many at the moment on Europe's continent that are sitting there hoping that you may have a change of president in the not too distant future, and that that may answer all of the problems. I make no comment about whether your future president will be Republican or Democrat, I only say that I hope it will be someone who is open, an internationalist, and will be able to share some—not all I don't suppose—but some of those European values that I have outlined.

It seems to me, though, that if you wanted an ideal, maybe I could suggest that in some respects Europeans and Americans should swap attitudes. Perhaps Americans could maybe, in some ways, be more open; perhaps a little more—humble is perhaps not the right word— but a little more humble maybe. And, what I would wish for Europeans is that we could be a bit more pushy about what we've achieved, because I think, as I've said and I hope made clear, that we do have a success story to relate. It

is a success story that means that countries in other continents—in Africa, in South America—are actually copying the template of the European Union. And, we still have candidate countries queuing up wanting to join the European Union. So, it has been and is and continues to be a success.

Now, formally we don't have, nor did we choose to adopt, a motto. The motto that we would have had in the constitution is: *United in Diversity*. It seems to me that that motto, *United in Diversity*, could fit equally well as a sort of world motto, let alone a European motto, because I think it represents very well many of the aspirations we might have.

On that thought, I'll leave you with one experience I had in the European Parliament with an American visitor. It was during the time of the Clinton administration. A fairly senior female official came to see me, and after we had finished our meetings she asked if she could see our plenary chamber where the Parliament sits; where you have the seats and all the deputies, and also, more importantly, across the front of the chamber you have the flags of all the countries which we represent. I took this lady to the door of the chamber—she was quite a tough lady—and she looked through and turned back to me, and I couldn't believe it, she was in tears. And she said, "Diana, I have to tell you, to me this is just so wonderful. It's how I thought a world parliament might look when I was a child." So, there you are.

I just want to leave you with one thought from an American, and then that's the end. Some of you may know this book, it is called: "The European Dream" by Jeremy Rifkin. He finishes by saying this:

> These are tumultuous times. Much of the world is going dark, leaving many human beings without clear direction. The European Dream is a beacon of light in a troubled world. It beckons us to a new age of inclusivity, diversity, quality of life, deep play, sustainability, universal human rights, the rights of nature, and peace on Earth. We Americans used to say that the American dream is worth dying for. The new European dream is worth living for.[1]

Thank you.

(Applause)

The lecture was followed by a short Q&A session with members of the audience.

Question: Could I ask you to comment on another issue from your list, and that is European enlargement, specifically with regard to Turkey. During the last enlargement, when much of Eastern Europe came into the EU, it was often suggested that the Americans would handle NATO enlargement and the EU would handle EU

[1] Jeremy Rifkin, *The European Dream* (New York: Polity, 2004).

enlargement. But, then we found out that the Americans strongly had their hand in the EU enlargement, as well as the NATO enlargement.

I wonder if you would comment on the possible ascension of Turkey into the EU, and, specifically, from your position within the Parliament, do you feel American pressure? Do you and your colleagues feel American pressure on the Turkish issue? Or, is it a little too early for that yet? Do you feel the strong arm of the United States behind the movement for admission of Turkey to the EU? Please give us your sense of how the United States and the EU interact on this specific issue, if you could.

Wallis: It is an interesting question, and it is good to have your views challenged in my position because, I have to say, that is not the way I have ever thought about Turkish membership. I do not, sitting in the European Parliament, feel that in talking about Turkish membership with the European Union that the position of the U.S. is particularly the issue that defines our attitudes towards it one way or another. There are many other issues that are more important in terms of our debate about it, and those issues are very simply these:

First of all, for most of us in the Parliament we want Turkey to be a Member at some point in the future, but it must be on the basis—and these are the two defining issues—that Turkey is economically ready to be a member. That means that Turkey reaches the so-called Copenhagen criteria; but, more importantly, reaches the human rights barriers that we also see as being important and which I've spoken about. Those are the two issues that are important.

Now, in terms of where it sits in the surrounding international perspective, your question is right in another sense that you perhaps do not suspect. The UK has always been a big supporter of enlargement. Now, some of us from the United Kingdom who are very pro-European suspect or have a view that that support has an ulterior motive. That ulterior motive is, we rather feel, to weaken the European Union, to make it a looser Union. I would say, in that sense, you are possibly right because that idea of a weaker European Union probably fits more easily with continuing a very strong UK relationship with the U.S.

But, I do not see for one moment the idea that Europe is defining—certainly [not] within the Parliament—its attitude towards Turkish membership on the basis of pressure from the U.S. To us in the Parliament, there are other issues that are more important, and if you read the debates, [if] you read the resolutions, you will see them there. Colleagues in the Parliament, from various places in the political spectrum, are more exercised about a likely flight of immigrants from Turkey—are more worried about having a large Islamic country within the European Union. Those are the issues that cause the concern, not U.S. involvement.

Question: First of all, I want to thank you [for] coming here and also for your role in the Parliament for being someone opposed [to] what happened with Iraq. A lot of people here in the States, including myself, opposed it from the beginning as well,

even though we weren't successful in stopping it. So, I want to thank you for doing that. It is very important that you did that.

My question deals with the program which we have recently discovered here in the United States. There has been a lot of outrage about how the United States will use European countries as bases for extraordinary rendition and certain countries seem to be—their governments seem to be—complicit in that. I want you to comment on what you think the EU and the European Parliament's role should be in looking at the problem—looking at the legality of that, and maybe even prosecuting officials who are responsible.

Wallis: It is interesting—the Parliament had two committees of inquiry running at the same time. You heard that I was involved with one that had to do with the collapse of the UK insurance company. That rather more reflected my skills. On the other hand, there is also an inquiry into the rendition issue, and the Parliament and some of my colleagues have been extraordinarily vociferous about the way in which certain of our European governments appear to have been involved in that.

One of the things that has come out of that has perhaps been, to some people, surprising, and, to some people, quite interesting in this European–U.S. comparison. I think some people have found because your country has a constitution, some politicians in America have been better able to get to information than we have been able to within Europe—to get it from our government. Again, this goes back to the problem we have about the level of development that the European Union has reached. So, yes the Parliament has been very vociferous. There has been a whole inquiry and many people are still continuing to chase it. Whether it will have a result in terms of prosecutions, I remain doubtful because of whether or not we have the framework within which to achieve that. As I say, ironically, you may be more able to achieve something.

Question: My question to you is: if Europe now "wages peace" instead of "waging war"—at this time of the European structure and mindset, do you think that England would be allowed to again go to war with Argentina for the Falkland Islands? This is a different Europe since 1982. But, it would be interesting. It is a test. So what do you think about that?

Wallis: I would have to give you a response in the sense of—presuming that the Reform Treaty goes through it gives the European Union a stronger voice in respect of foreign affairs. But, the ultimate decision for a country to go to war still remains with the national, nation-state level. I think, as it were, the moral pressure increasingly becomes stronger, and it is that moral pressure—we have built a certain sort of Europe, and every time a country goes against that it does it with greater difficulty, the further and the deeper we go. I applaud that and welcome that.

But, if we will come across instances in the future where the same will happen again as happened with Iraq, I guess it is possible. I hope not, but one can never say never.

All sorts of reasons may dictate [that] the view to go to war is taken. But, as I say, it runs so counter to the whole dynamic of Europe. The best we can hope for is that we become a very much more effective defensive and humanitarian world, and there is much more we could achieve in that respect.

Question: How does [the] European Parliament, as an entity, perceive security threats like Iran, North Korea, potentially the rise of China and, in particular, the potential crisis with Kosovo this winter, and propose to deal with those conflicts in light of the desire for peace and non-intervention?

Wallis: You have to accept my answer on the basis of our development at the moment. I should be absolutely clear with you that the European Parliament still does not have—because it is still a member state issue, it is a national issue—does not have a clearly, legally defined right in terms of external policy. We have a very busy foreign affairs committee that many members want to be members of, but it actually, fundamentally, does not have great power.

It is again this issue of moral pressure and beating at the door to get certain views accepted. On any of the issues you are relating there will be resolutions of the Parliament trying to push a certain view. But, that's the dilemma with Europe in the sense that when you try to square old fashion ideas about sovereignty with supranational governance, nobody wants to give up the right to wage war. So, we still have this tension, but that doesn't stop the Parliament having views and seeking to do work in terms of humanitarian aid to push that sort of objective as far as we possibly can. So, I can't give you a clear answer, in the sense that we are not there in terms of how we are developed.

Question: In your opinion, how would giving Serbia a status of candidate country in [the] Europe Union help find a solution for the issue of Kosovo? Is the European perspective reasonable in the near future for this country? Thank you.

Wallis: The European Union is talking to Serbia and would like to regard it at some point in the future as an applicant country. But, let's be absolutely clear, it is the same for any country that aspires to membership in the European Union. We have clear rules. We have clear criteria. That was maybe one of the weaknesses, some would say, at the way in which Bulgaria and Romania were dealt with. Some say that that process was too hurried; that perhaps the Union was a bit lenient towards the end in not making sure that they reach the correct criteria. We have to be very careful—how ever much I think the Union is welcoming—that countries are ready for membership and meet the criteria in all terms. So, there will be no exceptions, and no different rules apply to any countries. That's the best answer I can give you. But, that we are talking to Serbia, and want to talk to Serbia, is absolutely clear.

Question: Towards the end of your speech you mentioned the need for the European Union to be more pushy about its successes. My question is, do you think the EU is less pushy because of its humbleness, so to say, or because of the lack of achievement

or, more precisely, the lack of consensus or coherence within the EU? For instance, about the EU constitution, you mentioned that the European Union decided not to have a constitution, but at first there were rigorous studies and heated debates. After that, it failed in France and the Netherlands. Is this one of those politically correct words to describe that failure of the constitution? Mainly, I would like for you to be, if possible, self-critical towards the EU process. What went wrong and what's missing in that process so that the EU lacks coherence and teeth? Thank you.

Wallis: The first part of your question is: why are we so reticent to, as it were, sing about our achievements? There are achievements and we should be clear. We have 60 years of peace on our continent; a huge economic success; total freedom of movement. All these things that we have achieved are some things that we can be positive about. The fact that we decided not to have a constitutional treaty is a disappointment for many of us. Sure. But, we are going to have a treaty—almost certainly that has the same contents but isn't called a constitution.

Now, vocabulary can sometimes be very, very important. Vocabulary is very important in my own country. We don't have, as you know, a written constitution. If you start talking about constitutions in the United Kingdom some people will get very nervous and very upset, and they will regard it as some sort of foreign import. I don't have a problem with it. For Heaven's sake, call it a rule book. That's all it is. It tells you how you function and that's all we want. It's probably better that we now have that rule book. It is called something different and it doesn't actually state in it that we have a flag, an anthem and a motto. We still have those things, but they are not, as it were, represented to be part of some sort of entity. As I said, what looks like a nation state clearly isn't, because Europe isn't.

Could we be more self-critical? I think part of the problem is we were always being self- critical, and it is a danger that we spend too much time looking in on ourselves. And, [in] that whole of the constitutional debate—I've got colleagues in my political group who spend their life dealing with constitutions, and you see every time they get up to speak there's this sort of groan: "Oh no, constitution again." Maybe we should get on with the issues that affect the people we represent. That's how Europe will prove itself, by dealing with those issues.

How do we deal with those that say Europe isn't working, Europe is failing? By succeeding on the issues that affect them, but also by being brave enough to have a proper debate [with] some of the Member States about Europe. In my country, we have not had a referendum for 30 years, which has allowed our press or media to run riot accusing Europe of all sorts of things. The sooner, in my country, we can have a proper debate, the better. We can get rid of some of this rubbish, but we don't want to be self-critical. We want them to say we've done some things well and let's stop looking inward and let's look outward and tell the good story about some important achievements.

Question: Many EU members like the UK, Spain, Poland and Italy joined the Iraq War. So, can we say that it is not European values, but rather material interests, that are driving European governments in the important foreign policy decisions?

Wallis: I think you are completely right that some material interests will drive some governments. But, I'll make a distinction between governments and European people, and the Parliament is there to represent Europe's people. The Parliament was overwhelmingly against the war. I think you have to say we may not have the power to stop it, but we are the best indicator you have got of European citizens. We are there representing the people of Europe in a very direct way. That's why I describe it to you in that way. Of course we are still, as I tried to describe earlier, at a stage in the development of Europe where you will have individual governments—you are bound to—who will make decisions for their own reasons, and they may feel that they are in the best interest of their people.

I can only give the experience of the UK. We have a government who made the decision to go to war without proper parliamentary debate and parliamentary authority in the first instance. After it made the decision [there] was huge, huge opposition from people in the country. I mean, we've never seen or witnessed anything like that amount of demonstration in the UK before. People who had never been political in their lives before took to the streets. So, that's what I'm interested in. I'm interested in what people in Europe feel and think. Ultimately, those feelings and those values will actually be reflected.

Question: I have a question for you about the process of leadership. I heard you talk early on about strategies, like dealing with lobbyists, and then you talked quite a bit about values. So, my question is: from your point of view, how much of leadership is about persuading people to adopt strategies that kind of bridge conflicting values and how much of leadership is really about trying to transmit shared values among groups where previously conflict has existed?

Wallis: Politics has been described as the art of the possible, and that's what we're talking about. What I have tried to illustrate to you is Europe is founded on a premise which has very much to do with peace, and that is a shared value. That shared value gives us a basis from which to speak and a basis from which to achieve. How do you go about doing that? Politics involves [the] very different and very unexpected—often ways that you can't predict or control. If you talked to me about the strategy, I would almost say don't bother, because the moment you devise one something will pop up that will knock you off course. Politics often comes down to personalities and many different things.

At least Europe has managed to get itself together on the premise based on this—on the whole of its shared values, which seems to come through bottom up in the way I was explaining how people took to the streets on the Iraq War. And, if you feel that

you have that power behind you, that acquiescence, that agreement on those values, then that surely gives you the basis to try to lead on some of those issues. But, it is a very complex interaction, [and] I am instinctively anti-strategy.

(Applause)

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