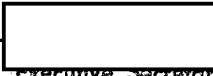


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 Executive Secretary
9/30/52
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Extemporaneous Remarks by Henry A. Kissinger
 "Challenges to the West in the 1980s"
 Remarks to the Fifth
 CSIS Quadrangular Conference
 Monday, September 20, 1982
 Washington, D.C.

Let me begin with a quick survey of a number of challenges which I see before us in the 1980s.

Let me introduce it with a saying that our Chinese friends used to use with us when we started calling on them in the early 1970s. The saying was: "There is turmoil under the heavens, but the situation is excellent."

I must admit that on many visits to China the meaning of that remark eluded me, but since I didn't want to admit that there were limits to my capacity to comprehend, I nodded sagely.

The fact is that I would describe the present situation, as far as the United States is concerned, in somewhat similar terms. I think there is turmoil under the heavens, but if one looks at the underlying factors, the situation if not excellent is malleable. We are in one of the periods in which creative policy can make major progress and in which, in almost any area of policy we consider, the possibilities of new departures for creative action seem very considerable indeed.

America's Adjustment

In fact, one of the biggest problems we have is psychological or philosophical. It is that the 1980s are the first decade in which the United States has to conduct foreign policy as other nations have had to conduct foreign policy throughout their history. In the 1950s the United States represented some 52% of the world's Gross National Product. Under those circumstances, our foreign policy was really a problem of identifying issues and overwhelming them with resources. Our allies were largely dependent on us and our adversaries needed primarily to be convinced that we meant business on whatever issue concerned us most. Every decade since then, the percentage of the world's total Gross National Product which the United States represents has declined by some 10%. Now the United States represents some 21 or 22% of the world's Gross National Product. It still makes us the single largest economic unit, but it imposes on us necessities against which our historical tradition has rebelled.

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We now, for the first time in our history, face a situation in which if the whole rest of the world were to fall under hostile domination we would be clearly outmatched. Our policy from now on must be more like that pursued by Britain towards the continent of Europe through several centuries. It was a principle of British policy that a Europe united under the rule of a single dominant power would be in a position to outmatch and endanger Great Britain; therefore, Britain made itself the balancer of the European equilibrium, a role it fulfilled by acting soberly, rather unemotionally, based on a careful assessment of the balance of power.

With respect to the rest of the world, the United States is today in an analagous position. Maintaining the equilibrium is no longer a favor we do for other nations. It is an imperative of our survival. The balance of power, decried as it is in our international relations textbooks, is not the end of our foreign policy but it has to be the beginning of our foreign policy. Its requirements have to be studied over an extended period of time, and what is more, have to be carried out over an extended period of time.

It is characteristically American that every new administration begins convinced not only that it will change the world, but that it created the world. Sooner or later, that process has to stop. Sooner or later, a consensus has to develop, not on every tactical move we make on individual issues, but on the fundamental requirements of our national interest -- reluctant as we are to think in terms of national interest.

There are many here who have heard me say it before, but the debate which we Americans tend to carry on is still too much couched in categories that imply that there are final answers, that there is a final goal towards which we are working, called peace, after which tensions presumably disappear. There is too much of a division in our national debate between the psychiatric school of foreign policy, which thinks relations among nations are like relations among people and which emphasizes unilateral concessions and gestures of almost personal goodwill, and the theological school of foreign policy, which implies that the only reason the walls of Jericho have not tumbled yet is because the right ideological trumpet has not yet been sounded.

Our foreign policy henceforth, and that of all industrial democracies, is bound to have to concern itself with an adjustment of relative balances. Our situation is complicated by the fact that many in Europe paradoxically have moved to positions that they used to criticize and regard as peculiarly American in the early postwar period -- naive reliance on the strenuous exercise of goodwill to remove objective difficulties with adversaries and insistence that there be conclusive proof of the aggressive intentions of potential opponents before one takes irrevocable or major steps.

With this as a background, let me discuss a number of particular issues that need to be addressed. Rather than give you my conclusions with respect to them, let me state either the problems as I see them, or some general principles of action.

The Middle East

As a general proposition, I do not believe that this is the time for me to make basic pronouncements in detail about the Middle East. Fundamentally, I think that all of us concerned with foreign policy should support the Administration through the difficult days and weeks ahead. On the other hand, I would like to state a number of general observations.

First, I believe that the opportunity to make major progress towards peace in the Middle East has never been greater, despite the tragic and inexcusable events of the last few days in Beirut, and despite the passions that preceded them. The fact has been demonstrated that the Soviet Union is able to supply weapons but no solutions; that the countries of the rejectionist front in the Arab world can define a rhetoric but no program; that, on the other hand, Israel's claim to be seriously threatened must have been strongly mitigated by its military success. And all parties in the area must have learned that a continuation of this cycle of violence cannot possibly serve anybody's interest.

We must take advantage of this opportunity. Let me confine myself today to a number of principles in which I believe. Over the course of the next few weeks I may elaborate on them.

First, the issue of the West Bank and Gaza, what the Israelis call Judea and Samaria and the Gaza District, cannot be settled by annexation by Israel. This is not

something derived from the Camp David Agreement; this has been a fundamental position of every American administration since 1967. It is in that context that the Administration's opposition to the settlements policy of the Begin government should be considered.

Second, the negotiating partner for this negotiation should be the Kingdom of Jordan. But it is important to define what that means, as I will explain further when I discuss US-European relations. It cannot mean that Jordan should provide merely a mantle of legitimacy for a PLO entity that then becomes an incubus within the Jordanian state. It must be genuine Jordanian participation, in which Jordan will assume real responsibilities on the West Bank.

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Third, while Israel must not identify its security with the annexation of the West Bank and Gaza, equally its security cannot be defined simply in terms of recognition by its neighbors and normalization of relations with them. Recognition of the existence of participants in a negotiation is the beginning of wisdom in foreign policy. It is what all other nations get for nothing. It is not something which entitles countries or groups to special compensation. In other words, the question of security must be given a concrete content and it is a legitimate subject of negotiation, even if it cannot be pushed to the point of annexation.

Fourth, it is important for Israel and for all other countries to understand that the dignity and self-respect of the Arab nations is an important factor and that proceeding simply by the creation of unilateral fait accomplis is no basis for the conduct of foreign policy and even less for the relations between close allies.

Fifth, it is also important for Israel's allies and other nations, irritated as they may be by acts of unilateralism and insensitivity, not to make confrontation the defining principle of their foreign policy. They must keep in mind that for a nation with a narrow margin of survival, the dividing line between arrogance and panic, between self-assurance and hysteria, can be very narrow. In the face of all provocation I would urge some compassion and understanding and a resumption of dialogue.

This is as far as I will go today, and I think the audience here can see that it is compatible with the main lines of the foreign policy that the Administration is pursuing, even if as it evolves a different content may be given by different people to this or that proposition.

European-American Relations

Let me now turn to European-American relations. I will be relatively brief. Some of the difficulties that exist between Europe and the United States -- it has been said at great length and repeatedly -- are due to the success of previous Western policies: the recovery of Europe, the corresponding growth of a sense of identity, and the inevitable tendency that the continent which developed the concept of sovereignty was never going to find its purpose in sharing our burdens but in developing perceptions of its own.

However one may explain it, there seem to me to be two major problems that must be solved.

First is the issue of military strategy. Others and I have talked about this at excruciating length. The facts are perfectly clear: The strategy developed in the early 1950s cannot possibly continue into the 1980s. Perpetuating the theory that American strategic nuclear power can protect Europe against all contingencies inevitably will lead to a combination of demoralization, pressures for unilateral disarmament, and a failure to build up conventional forces. The issue has been ducked for fifteen years or hidden behind percentage figures of budgetary increase that never got to the heart of the problem of what strategy is really appropriate for the 80s and 90s. The only possible strategy is one that builds up conventional forces to resist foreseeable challenges. There are no short-cuts, there are no gimmicks. Ideas like renouncing the first use of nuclear weapons will have the inevitable consequence of stigmatizing the weapons on which Alliance defense must still in part depend, or will create the dangerous impression that the West may accept a conventional defeat rather than in the end resort to nuclear retaliation. But the converse is not true. It is not true that we can continue to rely on essentially the strategy of the 50s and 60s, modified with a gimmick here and a new technology there. That is the fundamental problem in strategy, and it underlies the arms control policies that must be related to it.

The second problem has to do with East-West relations. We have now gone through a period of exuberant detente and then through a period in which detente was retrospectively made to carry the blame for all the difficulties that were caused by our domestic divisions on other subjects. It is now time to address the fundamental question of how we should conduct East-West relations over an extended period of time.

We are at a moment when the Soviet Union is in enormous difficulty, when it is foreseeable that some time in the 80s some Soviet leaders must ask themselves how much longer they can run an economy as unbalanced as the one that they now maintain; they must ask themselves how long they can govern a system that cannot manage a legitimate succession, an economy that is assailed by shortages and surpluses at the same time -- a problem that no Communist country has yet solved. At that point, a possibility for serious negotiations must arise --

provided that we do not make the mere fact of negotiation an issue in our national debate, with one group considering any conference progress towards a settlement, and another group considering any meeting with Soviet negotiators as a pact with the devil. Our problem is to define what in a serious negotiation we would ask of the Soviets; what we are prepared to pay in return for what we consider restrained international conduct; and, indeed, how we define restrained international conduct on both sides.

Now that requires, however, that we husband our assets. And it implies that we have to avoid unilateral concessions, either the unilateral disarmament that so many so-called peace movements attempt to impose on us or the unilateral concessions in economic relations that in so many countries in Europe are identified with detente.

Fundamentally what the Soviets want from us in economic relations is irreplaceable for them elsewhere: food, technology, general know-how. What they pay in return -- if they pay anything in return -- is raw materials that are relatively easily replaceable for us. In these circumstances, trade would have long since assumed minimal proportions were it not constantly fueled by concessional prices and concessional credits. It will seem incomprehensible to future generations that the West was not able to develop a coherent East-West economic policy and that it was not able to exact a political quid pro quo for the economic benefits it was unilaterally bestowing on the Soviet Union.

I do not think that the timing and the tactics of the American decision on the pipeline will go down in history as classic examples of modern diplomacy. I do believe, however, that the questions raised by the President's pipeline decision were important. And I cannot endorse the self-righteous confrontational reaction of so many of our allies who hide behind allegations that they were simply carrying out obligations and make debating points that since we were selling grain they had a right to sell the pipeline. Everybody knows that if we stopped selling grain tomorrow the pipeline would still go forward. The question raised by the Administration was fundamental. Incidentally, I am not a wild supporter of the grain sales, either.

I do not join those who believe that an economic boycott of the Soviet Union can bring about a collapse of the Soviet system -- though I would not go into mourning if it happened. I do believe that the Soviet Union understands best a negotiation

on the basis of strict reciprocity. And I think it is a failure of Western leadership that we have not been able to define for ourselves what it is we want from the Soviet Union in the political field or that we have not been able to agree with each other on credit policies and pricing policies that are in the common interest. Lenin is supposed to have said sixty years ago that the day would come when the capitalists would fight with each other for the privilege of selling the rope with which to hang them. What he didn't know is that they would also offer credits to buy the rope.

The lesson to be drawn from the pipeline affair is not by what face-saving formula we can end the immediate crisis -- which clearly, if rationality prevails, will be ended before matters get totally out of control -- but rather whether we can use the pipeline crisis to fashion a fundamental agreement among the industrial democracies about how they visualize East-West economic relations and for what political price. The democracies should do so in the context that they are prepared to have these economic relations with the East in support of a fundamental negotiation -- a fundamental negotiation that they are also prepared to define for themselves and that is not driven by the need to placate public pressures on a year-to-year basis. I suspect that if the various arms control proposals are analyzed in detail, we would find that they are much too much driven by the need to deal with immediate pressure groups and much too little geared to the security situation we foresee in the middle 80s. What is true of arms control is even more true of East-West economics.

Let me make a final point about European-American relations. It is not possible, nor is it desirable, that we pursue parallel policies all over the world, but it is also not possible or compatible with the Alliance that we agree on no major policy around the world. It seems to me that we are perilously close to drifting into such a state of affairs. In Central America one can only say that several European policies are deliberately designed, or have the practical consequence, of undercutting what we are attempting to do. I am not saying that we are inevitably right, but I do maintain that when a major country acts in an area it considers of vital importance, its allies owe it some respect for its views, as we attempted to show in the Falklands crisis vis-a-vis Great Britain.

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And we see it again in recent weeks with respect to the Middle East. A fundamental objective of the President's speech of September 1 seems to me to have been the introduction of Jordan into the negotiations. How can that process possibly be helped when PLO leaders are feted all over Europe and their status is enhanced before anybody has seen even the slightest indication of what conclusions they have drawn from their defeat in Lebanon? Why is it so impossible for us and the Europeans at least to discuss our assumptions? How can it fail to lead to a fundamental rupture, sooner or later, if totally different strategic conceptions are simultaneously pursued?

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Latin America

Let me make a few observations about Latin America. Of all the areas in the world, the one about which my opening quotation about "turmoil under the heavens" and "an excellent situation" may be least true is Latin America.

We have recently seen in Mexico the impact of economic crisis on the political orientation of a country and the temptation to use foreign opponents as a means of rallying opinion behind authority. And in the aftermath of the Falklands crisis, many Latin American countries are undergoing fundamental re-examination of their orientations: The military, because they feel they can no longer count on the unquestioning support of the United States, resulting in a tendency towards a kind of populism. The radicals, because their relative position has been strengthened. The moderates, because the OAS system is clearly in need of re-examination. And all of them because the international economic structure or, at any rate, the international financial structure, no longer has a fundamental framework for resolving its difficulties.

Few people invite me to speak about economic problems--to their great loss--but they can't keep me from mentioning them once I have a rostrum. If we continue to treat foreign debt by analogy to domestic debt, this is going to prevent any serious examination of some issues before us. The theory that foreign governments can be made creditworthy by austerity measures the way domestic debtors can be made creditworthy by self-discipline misunderstands the nature of many developing societies. In a developed country, IMF conditionality often enables governments to provide an alibi for what they would like to have done anyway. In many developing countries, on the other hand, conditionality based on purely economic criteria may be a cure worse than the disease. It may not be sustainable by the political process and may bring about revolutionary conditions which will magnify all the difficulties that are attempted to be solved; or else it creates a kind of cynicism in which the conditions are accepted and never carried out and then provide a rallying point for extreme nationalism later on.

I will make for me the historic statement that I have no answer to this problem. I know that it cannot be dealt with by business as usual. I do not say that there should be no conditions, only that they should be related to the political needs of fragile societies. Some kind of new financial structure, something like the Bretton Woods understandings, must emerge. Present policies cannot go on forever without leading, if not to an economic crisis, to an unmanageable loss of confidence. All of these problems exist more acutely in the Western hemisphere than anyplace else. The Western hemisphere is also the area where American creativity can still make the biggest difference.

Conclusion

I could go on to other problems, but I think I have made my fundamental point. It is that inevitably when one speaks before a group like this, one emphasizes difficulties. If you analyze the difficulties I have described, they are all amenable to policy solutions by either the United States or by the industrial democracies taken together. If you analyze the difficulties which other parts of the world face, they require systemic changes. There is no way the Soviet system can solve its problems without some sort of constitutionalism by which leaders can be replaced, if not by democratic means, then by some regular procedure. There is no way their economy can operate efficiently on the basis of total planning. And there is no way many of the developing countries can progress through the mixture of Marxism, Third World radical rhetoric, and inefficient governments that now characterize them.

We have a rare opportunity for creative leadership. The West has the problem fundamentally of a reluctance to face the facts of power, to develop a calculus of incentives and penalties in dealing with the East. Americans have a national reluctance to face up to the reality of only contingent answers and permanent responsibilities. We are handicapped by a domestic process in which decisions are made by adversary proceedings, which gives a premium to each of the contenders for the President's attention to exaggerate his position and creates the concurrent temptation to settle each dispute by some phraseology that either permits each party to do what he wanted to do in the first place or which represents a sort of waffled consensus. These are real problems but all of them are problems we should know how to solve, and we, I think, are getting better at it.

I conclude, having begun with a Chinese saying, with another Chinese saying that my friend Lee Kuan Yew told me. He probably put it a little more eloquently and I may have got it a little confused in my recollection:

"When there is turmoil under the heavens, little problems are dealt with as if they are big problems, and big problems are not dealt with at all. When there is order under the heavens, big problems are turned into little problems, and little problems are seen in their right perspective."

I would submit to you that we have a unique chance to create order under the heavens.