The United States and the world community in the eighties : report of the Panel on the United States and the World Community.

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PRESIDENT'S COMMISSION
FOR A NATIONAL AGENDA FOR THE EIGHTIES

REPORT OF THE PANEL ON
THE UNITED STATES AND THE WORLD COMMUNITY

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This document was prepared by the Panel on the United States and the World Community, one of nine Panels of the President's Commission for a National Agenda for the Eighties. The report represents the views of a majority of members of the Panel on each point considered. Not every member of the Panel agrees with or supports every view or recommendation in the report. This report was prepared by members of the Panel without involvement by members of the Commission who were not members of the Panel. This project was supported by the U.S. Department of State, under provisions of Executive Order No. 12168, October 24, 1979. Points of view or opinions expressed in this volume are those of the Panel on the United States and the World Community, and do not necessarily represent the official position of the Department.

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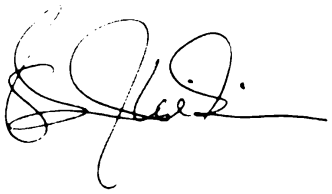
Foreword

As America enters the eighties, our nation faces a world greatly changed from that of even a decade ago. Vast forces are in action at home and abroad that promise to change the lives of all Americans. Some of these forces—such as revolutionary developments in science and technology—hold out hope for longer life, labor-saving mechanisms, exploration of the universe, and other benefits for all peoples. Other forces—such as the growing demand for strategic raw materials under the control of supplier cartels—raise serious problems for all nations. At home, we face serious and unresolved issues in the social and economic structure of American society.

On October 24, 1979, President Jimmy Carter established the President's Commission for a National Agenda for the Eighties. His purpose was to provide the President-elect and the new Congress with the views of 45 Americans drawn from diverse backgrounds outside of government. The group is bipartisan, representing business and labor, science and the humanities, arts and communication. Members of the Commission are experts in many fields, but possess no special expertise in predicting the future. Rather, we have done our best to uncover the dynamics of American society and world affairs that we believe will determine events in the eighties. This report of the Commission, *A National Agenda for the Eighties,* sets forth our views.

The analytical work of the Commission was accomplished by 9 Panels, each consisting of 5 to 11 Commissioners with appropriate staff. The Panels probed into major subject areas designated by the President in the Executive Order that created the Commission, as well as other areas that the Commission itself determined should be on the agenda. This approach gave Panel members an opportunity to gain considerable familiarity with complex subject matters, and provided the full Commission with a wide range of information not otherwise attainable in the 13 months available for this study.

The Panels are responsible for their own reports, and the views contained in any Panel report do not necessarily reflect the views of any branch of government or of the Commission as a whole.



William J. McGill
Chairman

La Jolla, California
December 31, 1980

Preface

This report reflects the general views and opinions of the Panel about the major foreign policy questions likely to arise during the 1980s, and it suggests some approaches to dealing with these issues. We recognized at the outset that it would have been impossible to develop an all-inclusive survey of every topic of international concern, and we have not attempted to do so. Instead, we have attempted to examine the major trends and developments that we believe will make this decade a different experience for the United States from what we have known before and, indeed, in many respects, a different experience for all nations of the world.

In preparing this report, we attempted to identify those principles and ideals which are generally applicable to all aspects of America's participation in the modern world. To the extent that we have succeeded, we hope that this report will be a useful guide to those men and women who will bear the heavy responsibility of translating principle into action. Needless to say, we do not all subscribe to every aspect of this report. It does, however, reflect substantial agreement.

Funding for this report was provided by the Department of State. However, it is not responsible for the content and does not necessarily share the views expressed here. We also wish to acknowledge the assistance of the Commission staff who worked with us throughout this project. Paul Bunge was responsible for developing the material in Chapters 1, 4, 5, and 6 and the section on the Communist world in Chapter 2. Dr. Jeffrey Hart was responsible for the remainder of Chapter 2 and for Chapter 3. Carol A. Grigsby collaborated on the Mideast section of Chapter 2 and on Chapter 3.

The Panel believes that a fair-minded understanding of the international system gives much reason for hope about America's role in the world today and for the foreseeable future. The fact remains that there is no other nation or group of nations that can now substitute for American leadership. There will inevitably be problems to overcome—sometimes difficult problems—but we are

confident that the wisdom, strength, and compassion of the American people will help to keep the United States a vital and meaningful force in the world of the future.

THE UNITED STATES AND THE

World Community

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Chapter 1

THE ROLE OF THE United States IN THE Modern World

For nearly 30 years following the end of World War II, the foreign policies of the United States dominated the conduct of international diplomacy and contributed to the construction of a world order that was largely successful in stabilizing great power rivalries and constructing a workable regime of international trade and finance. The economic and military power of the United States was so great and extended into so many corners of the globe that the preservation of basic U.S. interests worldwide was a relatively uncomplicated task. To be sure, there were setbacks and disappointments in managing individual foreign policy initiatives, but, by and large, the United States was able to shape the international agenda in a manner best-suited to advancing the perceived national interests of the time.

Much has changed in the years since World War II. The world has undergone a basic transformation in the distribution of power. Historic upheavals have swept entire continents, ending the colonial system and catapulting new political forces into the international arena. Domestically, the United States has endured the traumas of Vietnam and Watergate, witnessed a wholesale restructuring of its intelligence apparatus, and entered a new era in which world affairs have come to exert a direct influence on the day-to-day well-being of the average American citizen.

The coming decade will also be a period of great change. New forces will influence the content and direction of global political and economic developments, and it is probable that issues only dimly perceived today will occupy a central place on the international agenda. Not all of these issues, of course, will directly involve the immediate interests of the United States, but because this country will continue to play a leading role in world affairs, and because its interests will remain truly global throughout the next decade, there will be only rare instances of an event that does not, in some way, touch upon the welfare or well-being of the United States.

We will not like, and may not understand, all of the changes that will take place. Some of them may pose great

challenges for our economic position in the world and for our security as a nation. We shall need to be clear about what we consider our vital interests to be, and we must be resolute in defending those interests. *There will be fewer possibilities for the exercise of unilateral action in the next decade, but the benefits of multilateral cooperation may become more apparent as the only lasting means of settling international conflict.* Throughout the 1980s, there will continue to be no effective substitute for American leadership in the international system.

The policy process charged with designing American foreign policy, however, has not kept pace with many of the changes that have drastically restructured the international environment. To a degree, we are still operating in accordance with assumptions and in conformity with a world view that is out of touch with the new realities that will govern international relations in the 1980s. Certainly, the world of the next decade will, in many respects, be a more complicated place in which to operate. More nations will acquire the economic and political strength necessary to promote their own international priorities, and not all of those priorities will accord with the basic interests of the United States. In addition, the problems that confront the world community are likely to grow in number and complexity, and the solutions may not be so readily apparent nor so easily attainable as may have been true in the past.

To note that the world has changed and that our policies must adapt to new realities is not to argue that the United States has lost its capacity to influence world events in a positive manner. Each era demands fresh tactical approaches to the resolution of global issues, but certain fundamental aspects of the exercise of leadership remain constant. The United States has had a singular impact upon the modern world, and the central foreign policy question for the eighties will be to identify what is lasting and what is true from that historical legacy.

The International Setting: The Growth of Competing Forces

The United States emerged from World War II as the only major power in the world with its economic and military strength intact. The armed forces of Germany and Japan had been destroyed; most of Europe and the Soviet Union lay in waste. The United States, protected from the threat of invasion by its geographic insularity, had managed to ride out the war with relatively few casualties in comparison with other major combatants and with its industrial base unscarred by the ravages of war. Further, we were the only nation in the world that had mastered the technology necessary to produce the atomic bomb. In economic and military terms, the United States had no rivals. The responsibilities of world leadership descended upon America

as an inevitable concomitant of its dominant position in the postwar world.

It is difficult to recapture fully the extent of that dominance. For more than 20 years, the United States led the world in virtually every indicator of national strength. In economic terms, the productive capacity of other nations remained far behind that of America, and it outproduced all other nations in terms of its Gross National Product. In terms of postwar industrial activity, the United States produced a commanding share of total world output of a variety of key goods. It also consumed a significant percentage of the world's resources and led in the exploitation of modern technology.

It was largely on the basis of its paramount economic strength that the United States was able to afford the costs of maintaining a defense structure that was truly global in its outlook and operations. As late as 1967, U.S. defense spending accounted for nearly 40 percent of total world outlays for military purposes. In 1953, the number of combat and support ships in the U.S. Navy numbered over 3,000, and the Air Force and Navy together operated more than 35,000 military aircraft.

The United States was also the center of the world's scientific research. Gross expenditures for research and development consumed 3.4 percent of the Gross National Product in 1963-64, amounting to a total of more than $21 billion. The comparable figures for Japan in 1964 were 1.4 percent and $1 billion, respectively, and for the Federal Republic of Germany, 1.4 percent and $1.4 billion. The United States pioneered in the development and application of virtually every key technology in use today, and its ability to harness the potential of modern science has long been recognized and respected throughout the world.

All of these factors played a part in making U.S. postwar foreign policy a singularly powerful force in the world. The sheer bulk of the United States in the international economy, the position of the dollar as the principal medium of exchange among market economy states, and the global presence of U.S. military forces enabled this country to carry out its international responsibilities without having to adjust its foreign policies to the kinds of limitations and restraints that ordinarily govern a nation's participation in international affairs.

It could not last forever, of course, and it has not. It would have been unrealistic to expect that the United States would continue indefinitely to operate in a world characterized by the highly anomalous correlation of circumstances that existed at the end of World War II. Other nations have begun to challenge the United States economically, and our military advantage over the Soviet Union has shrunk to a position of rough equivalence.

In economic terms, the U.S. share of the world's production of goods and services has declined steadily during the past 30 years (see Table 1).

Table 1

Gross National Product as a Percentage of Gross World Product, for Selected Countries, 1950-1978

Year	U.S.	U.K.	Fed. Rep. Germany	Japan	USSR	P. Rep. China
1950	34.3	5.3	5.2	3.1	11.4	3.0
1955	33.0	4.8	6.4	3.8	11.9	3.9
1960	29.9	4.4	7.0	4.6	12.8	3.7
1965	29.2	4.0	6.9	5.7	12.6	3.5
1970	26.5	3.5	6.8	7.7	12.8	3.5
1975	24.5	3.2	6.1	8.3	12.6	3.8
1976	24.7	3.1	6.2	8.4	12.5	3.6
1977	24.9	3.0	6.1	8.5	12.5	3.7
1978	24.9	3.0	6.1	8.6	12.4	3.8

Source: Derived from the U.S. Department of State, *The Planetary Product, Progress Despite the "Blues" 1977-1978,* Washington, D.C., 1979.

Similarly, the percentage of worldwide military expenditures attributable to the United States diminished during this same period (see Table 2).

Table 2

Defense Spending as a Percentage of Worldwide Military Expenditures, for the United States and Selected Regions, 1960-1977

Year	U.S.	NATO	USSR	Warsaw Pact	Developed World	Developing World
1960	N/A	N/A	N/A	N/A	90.7	9.3
1965	36.7	51.4	N/A	35.4	88.2	11.8
1970	31.7	45.4	29.8	34.7	82.3	17.7
1971	28.9	43.2	30.4	35.6	81.0	19.0
1972	28.0	42.6	30.4	35.6	80.5	19.5
1973	26.2	40.8	31.3	36.7	79.6	20.4
1974	25.7	40.5	31.6	37.0	79.7	20.3
1975	24.0	38.5	31.4	36.8	77.4	22.6
1976	22.6	37.2	32.2	37.6	77.0	23.0
1977	23.3	38.0	32.2	37.6	77.7	22.3

Source: Derived from the U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States,* 1971 and 1979, Washington, D.C.

Thus, *the relative power of the United States, in both economic and military terms, has declined since the end of World War II.* This development was inevitable, and the United States, through its economic assistance programs and commitment to the reconstruction of postwar Europe and Japan, had a large role in facilitating the transition to a world in which there are now many centers of economic affluence and a few nations with military forces sufficient to challenge the interests of the United States, at least on a regional level.

While the absolute power of the United States remains substantial by any standard, the world of the 1980s will be a far different place from the world that we have grown accustomed to in the past 30 years. It will no longer be possible for this country to conduct its foreign policies on the assumption that its unilateral objectives can be realized without also accommodating the legitimate needs and aspirations of other nations. Our participation in international affairs has always, of course, been partially shaped by the actions of other states, but significant competing forces have now arisen throughout the modern world. Our reaction to international events must be guided by a sensitive understanding of the changes that have taken place, an intelligent awareness of the use and limitations of American power, and a renewed determination to pursue our foreign policy objectives in the context of an increasingly complex and interdependent world.

The International Setting: The Growth of Interdependence

The management of U.S. foreign policy during the next 10 years will be a complicated task for a variety of reasons, in addition to the fact that the United States will be operating in a world in which power has been diffused to a greater number of countries. Modern diplomacy has become increasingly complex because international issues have proliferated in number, and it is now often impossible for any nation to implement policy in one area without risking the possibility that its actions may trigger negative consequences with respect to other foreign policy issues. The linkages between international transactions have never before been so apparent nor so readily invoked as an accepted instrument of international conduct. If two distinct issues are not actually related in the sense that they share any of the same technical or economic components, the chances are good that a nation or group of nations will choose to merge the issues for the sake of obtaining a particular political objective.

With regard to certain issues, we are only now beginning to appreciate fully the tradeoffs that exist, and that have always existed, among different priorities. It is difficult, for example, for the United States to urge other

nations to expand their indigenous energy production without also increasing the risk of nuclear proliferation. We cannot negotiate general reductions in worldwide tariffs and import restrictions without facilitating the ability of foreign firms to penetrate U.S. domestic markets. There is some reason to believe that the development and worldwide distribution of high-yield varieties of certain grains, while contributing to the world's food supply, may at the same time have accelerated global soil erosion.

The policy tradeoffs and interdependence among such issues as economic growth, technological innovation, energy production, environmental quality, military expenditures, and development assistance have expanded in number and, at times, seem nearly all-pervasive. Every new initiative entails certain costs, but we have been unprepared for the scale of the costs we have sometimes encountered or for the specific manifestations that interdependence has sometimes assumed in the modern world. Confronted by a thicket of competing linkages, it is perhaps understandable that many Americans have reluctantly concluded that American foreign policy can no longer successfully shape international change, constrained as it occasionally appears to be by seemingly insuperable policy contradictions.

The political component of interdependence has taken on a new relevance as more and more nations have discovered the diplomatic utility of constructing linkages between issues in order to obtain specific bargaining advantages with other countries. Perhaps the most pressing example of this kind of political leverage is OPEC's threat to manipulate oil and gas production in accordance with its perception of how willing other nations may be to support its preferences with regard to the settlement of the Middle East situation. With respect to U.S. foreign policy, the individual political actions we take can sometimes trigger far-reaching consequences in other areas of importance to our vital interests. If, as part of a concerted response to the Soviet invasion of Afghanistan, the United States signals its displeasure by embargoing the export of advanced technology to the USSR, the denial of sophisticated oil extraction equipment might advance the date when the Soviet Union is forced to enter the world oil market to satisfy its energy requirements, thereby further exacerbating the global availability of fossil fuels. U.S. responsiveness, on political grounds, to Third World demands for commodity price stabilization agreements could result in higher prices for certain items purchased by American consumers. U.S. initiatives designed to halt the spread of fissionable materials may have complicated our bilateral relations with certain states and marginally increased the dependence of certain countries on oil from the Persian Gulf region.

The list of potential foreign policy linkages can be easily expanded. The prevalence of global interdependence today is partly a function of the relative decline of American influence, partly a result of the increasing sophistication of modern diplomatic practice, and partly a product of the simple fact that there are now more players on the international scene than ever before (and thus greater complexity in managing interstate political issues). Prior to World War II, there were approximately 70 independent nations in the world. Today there are more than 160 sovereign states, each one capable of participating in the global debate over the distribution of economic and political power.

The increase in the number of independent countries has also led to a growth in coalition-building as a means of precipitating international change. Nations that are comparatively weak in economic or military terms have recognized the advantages of working with other nations in multilateral blocs in order to strengthen the effectiveness of their individual policy positions. The United Nations has become both the epicenter and the stimulus for the development of coalition politics. It is there that policy statements can be most effectively disseminated to other governments, and it is within the context of the United Nations that many coalitions have come to be born. Moreover, regional economic and political organizations, officially unaffiliated with the United Nations, have proliferated throughout the world, and their impact on global decisionmaking regarding issues of common concern has increased.

The challenges of managing change and interdependence for the future will be formidable, but they need not be beyond the capabilities of U.S. foreign policy. We shall have to recognize the linkages and tradeoffs that increasingly govern the resolution of international issues, but we should not conclude that our own policies can no longer be effective. Change may be one of the principal characteristics of our age, but it is worth remembering that modifications in the political alignment or economic development of nations are not always and implacably contrary to U.S. interests. We are, after all, uniquely suited by our historical experience and national character to adapt to changing circumstances in a manner best-suited to preserving our basic national interests and advancing the general well-being of all mankind. The critical task of the 1980s will be to fashion specific policies that will help to ensure that America's role in the world will continue to be one of positive and enlightened leadership, promoting change when it is a necessary accompaniment to growth and managing interdependence in a skillful and sensitive manner.

The U.S. Response: Leadership in a Complex World

Many Americans have become disillusioned by the seeming inability of U.S. foreign policy to respond effectively to international events or to enunciate a clear and overarching conceptual vision of a U.S. role in the modern world. At times, our international policies seem buffeted by intractable forces over which we have no control. We are vilified by certain Third World states; our recent experiences in the use of force have ended in failure; our efforts to promote the peaceful settlement of regional disputes have too often resulted in stalemate. More significantly, perhaps, we have lost the sense that there is a unifying purpose that shapes and strengthens our participation in international affairs and that provides the basic justification and rationale for the actions we choose to adopt in dealing with other countries. The dynamism and creativity that used to be hallmarks of American foreign policy have disappeared; what is left is confusion and doubt over whether the United States can still be an effective participant in global affairs.

There are those who believe that the next 10 years will mark a watershed in U.S. international influence. *If America is unable to cope effectively with the continuing threat of foreign energy dependence, if domestic economic problems are allowed to continue without a serious attempt to slow inflation and raise productivity, and if the challenge of Soviet expansionism is left without a coordinated response from the Free World, then the position of the United States in global affairs may deteriorate steadily. Despite these and other challenges that will surely characterize the 1980s, we should not succumb to despair about the future of America's role in the world.* We continue to have enormous strengths from which to draw, strengths that we too often undervalue. The United States still accounts for nearly a quarter of the world's production of goods and services. Most of the world continues to admire the productivity and technical excellence of American industry. We are still regarded as the world's preeminent leader in the field of science and technology. And the basic appeal of the fundamental American vision that the destiny of a nation should rest in the hands of its people has not diminished as a powerful example throughout the globe of the strength and resilience of democratic government.

What we lack today is a shared consensus about what our international goals should be. Further, we have not yet developed a sound understanding of the dynamics of modern diplomacy nor formulated a broadly-based and internally consistent approach to managing specific international issues. We need to be clear in our own minds about what we hope to achieve in foreign policy, and we must also be sensitive to the impact that individual tactical decisions may have upon the broader canvas of our overall international position.

For many years following World War II, a widely-held consensus existed within the United States that American foreign policy should be based upon three general principles: a rejection of isolationism, a commitment to the preservation of an open international economic system, and a determination that international Communism should be contained. As a basis upon which to construct our international policies, that consensus has now broken down. While it lasted, however, the postwar foreign policy consensus provided a clear rationale for the specific policy decisions made by a series of U.S. administrations. Nearly every significant U.S. foreign policy initiative since World War II can be explained within the context of this general policy framework. It provided the justification for American support of the United Nations, shaped our military alliance structure, influenced our decisions to intervene in Korea and Vietnam, and led to American leadership in the formation of the postwar international monetary system.

Some aspects of American foreign policy during this period were clearly misconceived, and others were successful only because the United States was unquestionably the world's dominant economic and military power. Nonetheless, the fact that U.S. foreign policy decisions were generally made in accordance with an established theoretical framework gave to our international policies a degree of unity of purpose that we have not had for several years. Instead, we have recently attempted to rely upon *ad hoc* responses to individual situations, hoping that American interests could be advanced incrementally in the process. We have learned, however, that *even the most perceptive decisions and the most sensible actions do not add up to a coherent foreign policy if the individual component parts are decided upon without an appreciation of the synergistic nature of the foreign policy process.* Ultimately, we may find that the net balance of our international participation amounts to less than the sum of its constituent parts. We also pay a heavy price in appearing to be inconsistent, unsure, and directionless.

It will not be possible for the United States to formulate a world order for the 1980s single-handedly. We shall have to consider the priorities and concerns of our friends and allies throughout the world, and we shall need to be aware of the relative distribution of global power. Nonetheless, *we can begin the process of forging a new foreign policy consensus based upon a recognition of the shared interests of all nations in the promotion of stable growth in a peaceful world. Such a consensus might profitably contain four elements:*

- ☐ A determination that we shall retain the ability to defend our own national security interests and,

within a framework of shared responsibility, contribute to the defense of our allies.

- ☐ A commitment to the creation of a fair and stable international economic system, in which the legitimate needs of the developing world are met and the requirements of growth and free trade are furthered in a manner calculated to protect the earth's resources.
- ☐ A recognition that force should not be the preferred method for resolving international disputes and a willingness to work for the peaceful settlement of conflicts and the reduction of worldwide military tensions.
- ☐ An appreciation of the inherent virtues of self-determination and respect for individual liberties, with a recognition that the world can accommodate a diversity of ideological perspectives.

Needless to say, it is impossible to adhere rigidly to a particular global vision without accepting the fact that, in practice, a certain number of contradictions and inconsistencies will always arise in the process of translating philosophy into concrete action. The fact that a nation possesses a clear notion of its international priorities, however, serves to minimize the chances that its policies will merely drift in the tide of global events or become deadlocked by their mutual incompatibility.

The specific implications of the four elements of American foreign policy described above are examined in greater detail in succeeding chapters of this report. There are, however, certain significant operational principles that should apply to the general conduct of U.S. foreign policy and that will become more important as the United States attempts to redefine its role in the modern world.

At the outset, *we need to recognize that solutions to the major foreign policy issues of the future will largely be determined on the basis of collective leadership.* The United States will no longer be able simply to undertake unilateral action to resolve specific international situations, expecting that other nations will complacently follow its lead. We have now grown beyond the era in which the global power of the United States was absolute and unchallenged, and it would be dangerous and futile to attempt a restoration of the postwar balance of forces. Instead, we must move toward an appreciation of the central role that the United States will continue to play in reconciling competing international interests. We shall not always prevail, but we still have an enormous capacity to influence the outcome of world events, a capacity that cannot be matched by any other nation. The United States is, after all, the only country in the world that is both a global

economic force and a significant military power. The Japanese may challenge us in international markets, but their defense forces are negligible. While the Soviet Union has now become a worldwide military power, its participation in international economic affairs has historically been circumscribed and hesitant.

In order to lead within the more complex international decisionmaking structure of the 1980s, *the United States will have to recognize and accept that our major international partners will occasionally have priorities and interests that differ from our own.* This is inherently a healthy sign of the pluralistic nature of modern international politics. We need not be reluctant about working for the advancement of our own interests, but we should not despair when we sometimes fail to achieve all that we desire. In practical terms, however, our prospects for success can be increased if we are sensitive to the particular constraints and policy goals that influence the actions of other nations and if we attempt to formulate our own positions so as to take into account the special needs of other countries whose support on specific issues we may need. We may, for example, decide to adopt economic reprisals against Iran as a means of coercing that government into releasing the American hostages, but we should also be willing to understand the reasons why that same decision is more difficult for the government of Japan.

While our tactical approaches to dealing with international issues should be broadly conceived and be based on full awareness of the political and economic forces that sometimes limit the degree to which other nations can cooperate with us, we should not, for that reason, relinquish or downgrade our strategic priorities. *There are certain fundamental goals of U.S. foreign policy that are beyond compromise, and we must know when those goals are at issue.* If we are clear in stating what we consider our vital interests to be, we have the right to expect that our friends and allies will make reasonable efforts to accommodate our needs. The burdens of collective leadership do not fall exclusively upon the United States. As other nations acquire greater economic and military strength, so too should they assume the obligations of working within a common framework in which immediate unilateral advantage must sometimes be subordinated to the interests of the international community.

As the strongest and most active member of the Western alliance, the United States has a particular responsibility to exercise leadership in a sensible and intelligent manner. We should be able to call upon our allies for support, but we must not squander that support on unimportant issues or for ill-advised initiatives. Most governments are pleased when the United States is willing to exert creative and

determined leadership, but dismayed when we fail to formulate coherent policies or follow through on specific initiatives. U.S. government decisions concerning the deployment in Western Europe of the neutron warhead and U.S. policy toward the Soviet Union are particularly striking recent examples of the demoralizing impact that American inconsistency can have on allied perceptions of the seriousness of our international policies.

In similar terms, *we should refrain from indulging in official rhetoric that overstates our true intentions or willingness to take decisive action.* It weakens our credibility, for example, to call attention to the presence of a Soviet combat brigade in Cuba and then silently reconcile ourselves to the fact that there is nothing we can reasonably do to effect its removal. It damages our international effectiveness to declare publicly that we have obtained evidence of a South African nuclear test, only to discover belatedly that the evidence is highly ambiguous. There are only so many times that the United States can declare a rhetorical "Year of Europe" without straining the credulity of many Europeans. Words are the accepted currency of diplomacy, and they should be used with considerable care. They should also be consistent. The process of formulating American policy toward other nations should benefit from a wide variety of viewpoints and opinions, but once a policy has been decided upon, conflicting public statements from official sources should be discouraged.

To a large extent, the effectiveness of American foreign policy in the 1980s will be dependent upon our own attitudes and beliefs about how effective our international role can be. Our economic strength and military capacity will play a part in determining our ability to influence world events, but those factors alone will not be sufficient if the American people do not possess a basic confidence that the United States can maintain its position of leadership in the world community. We have experienced many disappointments in recent years, but we should not conclude that the world is therefore an inhospitable place or that the United States can never act without setting in train a series of events that inevitably redound to our disadvantage.

We can forge a new consensus governing our basic international policies if we are thoughtful in identifying our fundamental national goals. We can successfully manage the complexities of collective international decisionmaking if we are aware of the shared interests of most nations in the peaceful resolution of international problems. We can protect and advance our own well-being as a nation if we are skillful in recognizing when interdependence can be turned to our advantage and if we are constant in

maintaining a global perspective. Above all, we can ensure that the United States will be a progressive and responsible force in world affairs if we simply have the will to do so.

Chapter 2

THE POLITICAL FRAMEWORK: Resolving Conflict BY Peaceful Means

Introduction

There are a number of ways of characterizing the structure of the international system. One is simply to list the separate nations in order of size or strength. Another is to group nations according to their alliances and enmities. A third characterization, which has been applied elsewhere, is used in this report. It is based primarily on the alignments of nations and is useful for simplifying the enormous complexity of the contemporary system. In this scheme, there are *three "worlds":*

- ☐ The advanced industrial countries of the West;
- ☐ The Communist countries of the East; and
- ☐ The developing countries of the South.

These three worlds are not without internal conflicts. There has always been tension, for example, within NATO, the Warsaw Pact, the Group of 77, and the Non-Aligned Movement. Particularly notable is the split in the East between the Soviet Union and the People's Republic of China. In the South, differences are growing between the OPEC countries and the oil-importing developing countries, as are the differences between the more and less industrialized developing countries. There have been a number of major wars in the South, e.g., the Indo-Pakistani Wars, the war between Ethiopia and Somalia, and that between Iran and Iraq. In international fora, however, the West, East, and South generally act as cohesive groups (with China usually aligning itself with the South).

The competition between East and West continues to be very active. The involvement of the Soviet Union in Africa, both directly and through Cuba as a "proxy," and more recently in Afghanistan, has revived fears of Soviet expansionism among the Western countries. Most East-West conflict currently centers on competition for allies and client-states in the developing countries of Asia, Africa, and Latin America. Yet there are other potential points of tension on the boundaries between the two worlds, e.g., in post-Tito Yugoslavia, Poland, Norway,

The Three Worlds

the Republic of Korea, the "Northern Territories" of Japan, and the potentially Eurocommunist countries.

The so-called North-South conflict is primarily a conflict between West and South over the rules governing the international economy. Anti-colonial struggles ended with political independence for most of the South, but the economic dependency that evolved in the 18th and 19th centuries has persisted for the most part. While the North argues that dependency has been replaced by interdependence, the South asserts that the international economy is systematically biased in favor of the North, and hence interdependence is not sufficiently equitable.

The main axes of conflict have been, and are likely to continue to be, East-West and West-South. There are, however, important exceptions to this rule. There are indications of greater conflict emerging between East and South. Most of the South reacted negatively to the Soviet invasion of Afghanistan. The Soviet Union has alienated a number of previous allies, including Yugoslavia, the People's Republic of China, and Egypt. The conflict over apartheid in South Africa is a question of racism that transcends the three worlds. If Nigeria links its petroleum policies to the resolution of the South African problem, a complicated situation will arise that will not fit neatly into the three-world imagery. The situation in the Middle East is unlike any other regional conflict because of the mixture of issues and interests. Muslim internationalism introduces a religious component into world politics that cuts across traditional economic and ideological divisions.

In its foreign policy, the United States needs to address the major political issues of international politics in such a way that it can form a network of dependable friends and allies while, at the same time, expressing its national ideals. In the past, the U.S. government concentrated on containing Communism and reinforcing the democratic, market economy regimes of the West and South. Today the United States needs a new political strategy. Communism is no longer monolithic. The South is experiencing a rash of authoritarian governments, at the same time that the East-West conflict has begun to spill over into new areas of the Third World. This chapter examines the status of U.S. foreign policy in the different regions of the world and proposes some alternative policies.

The Advanced Industrial World

The advanced industrial countries are important to the United States both as allies and as trading partners. Each is increasingly linked to the others through its participation in an expanding world economic system. Europe and Japan, historically tied to the United States but geographically close to the Soviet Union, have come to define their

foreign policies toward that country in a manner which is by and large consistent with that of the United States. If anything, they are more constant in their perception of threat than is the United States. Nevertheless, some countries are adopting military and economic strategies for dealing with the Soviet Union that are in conflict with those of the United States. They are becoming more capable of acting independently of this country in pursuit of their interests. *A basic task for the United States in the 1980s will be to find common ground for cooperation within the industrialized world so as to preserve an open world economy and maintain alliances.*

To illustrate some of the potential problems and opportunities in this area, various issues involving defense and security, energy and the Middle East, and policies toward the Soviet Union are reviewed here. Economic issues are dealt with in greater detail in the next chapter. The discussion is premised on the belief that issues should not be separated into military and economic categories. Rather, the focus should be on the overall relationships among them.

Defense and Security. One of the most important issues to be addressed by the United States and its allies in the 1980s will be the manner in which the costs of the common defense are distributed. It is difficult for American leaders to ask the American people to make the sacrifices which necessarily accompany increased levels of defense spending when they see that less than 1 percent of Japan's Gross National Product goes for defense purposes and that every other major industrial country spends a lower proportion of its GNP than the United States does for military expenditures (see Table 3). The difficulties U.S. allies have in increasing their contribution to the overall defensive effort are real, yet they can do more and probably will be asked to do so.

Table 3

Military Expenditures—Percentage of Gross National Product, 1977

Country	Percentage
United States	5.4
United Kingdom	4.8
France	3.9
Germany, F.R.	3.4
Italy	2.7
Canada	2.0
Japan	0.9

Source: U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1968-1977*, Washington, D.C., 1979, pp. 27-69.

The positions of Japan and the Federal Republic of Germany illustrate the difficulties. In Japan, the Constitution limits defense spending. While that document was imposed upon Japan by the United States after World War II, nevertheless there is broad political support for this part of it. Japan seeks to uphold its self-image as an economic power playing a peaceful, and lucrative, role in the international system. The Federal Republic of Germany worries that any major increase in defense expenditures might appear provocative to the Soviet Union and might accelerate the arms race already underway in Europe. On the other hand, the American public believes that Japan and Germany have benefited economically from their relatively low levels of defense spending, a perception, it should be noted, that is disputed by the leaders of those two countries.

One way for Japan and Europe to contribute to the overall defense without violating domestic promises or provoking hostile powers would be to provide more assistance to developing countries which are of strategic importance. The recent assistance provided by Japan to Egypt, Turkey, Pakistan, and Thailand is a welcome development. Unfortunately, too much of Japan's economic assistance has been tied to trade with Japan and not enough has been concessionary. European development assistance is somewhat better in this regard, but still involves a number of accounting practices (such as the inclusion of payments to retired colonial civil servants in official development assistance outlays) which inflate apparent aid flows. Tied and nonconcessionary assistance is not limited to Europe and Japan. The United States is guilty of this practice as well. It is part of the political price of increasing aid in a period of general economic stagnation. All the industrial countries should aim for a higher level of aid with a higher grant component. *Increased aid of whatever form, while desirable, still will not serve as a substitute for direct contributions to upgrading the military capabilities of the alliances.*

If Japan plays a more important role in its own defense, several issues will arise for the United States. One is the deployment of nuclear weapons by Japan. Another is the likely shift in strategy within the U.S.-Japanese alliance which may occur if Japan begins to contribute a greater share of the resources. The United States will want to encourage the development of a Japanese military without reviving the militaristic ethos of the not-so-distant past.

A major issue in relations between this country and the Federal Republic of Germany concerns the continued stationing of U.S. military personnel there. Maintaining the 300,000-plus troops in the Federal Republic constitutes a serious financial drain. During the 1960s a number of

"offset" agreements were negotiated in order that some of the costs would be borne indirectly by the Federal Republic through purchases of military equipment and U.S. Treasury Bonds. In the late 1960s and early 1970s, Congress tried to force the issue of burden-sharing through various versions of the Mansfield Amendment, which called for troop reductions in the absence of direct compensatory payments. The Jackson-Nunn Amendment specifically tied the cost of maintaining troops in Germany to certain economic concessions.

The Federal Republic, unlike Japan, seems to be much more willing to assume the role of a major military power to supplement its position as an economic power. German reassertiveness, while a relatively recent phenomenon, will probably remain an important feature of German-American relations in the 1980s. Chancellor Helmut Schmidt's agreement to deploy U.S.-controlled Pershing and cruise missiles, his direct talks with Chairman Leonid Brezhnev of the Soviet Union on arms reduction in the European theater, and his active support for a European statement on Palestinian rights are all evidence of the new German position. Germany aspires to be more of an equal in world affairs, and the United States will have to treat it accordingly. For its part, Germany can help the United States by continuing to give assistance to countries which are of strategic importance to both, e.g., Turkey.

France withdrew from the military part of NATO in the early 1960s in response to what it perceived to be unacceptable U.S. policies (in the Suez Crisis and later in the Skybolt missile affair). Since then, France has proceeded to develop its own, independent nuclear weapons and delivery systems, the *force de frappe*. Its defense policy continues to follow the independent line laid down by President Charles de Gaulle between 1958 and 1968. Nevertheless, France is aware that its own nuclear forces are not a true deterrent to a major war and that informal association with the United States will remain a necessity. The U.S. government should not try to pressure the French government into rejoining the military part of NATO, because this would be a politically dangerous act for any government in that country. Instead, the United States should take advantage of any opportunities to move French policy closer to that of the NATO allies.

Energy and the Middle East. On the question of a peaceful resolution of the Arab-Israeli conflict, the Europeans have seen fit to use the machinery of European Political Cooperation to distance themselves from the U.S. position. In particular, the Europeans have criticized Israel's continued occupation of the West Bank and Gaza by recently reaffirming their support of Resolution 242 of the U.N. Security Council and by recognizing the

The Venice Summit Conference: Leaders of the largest industrial countries gather to discuss common problems. From left to right: Japanese Foreign Minister Saburo Okita, Canadian Prime Minister Pierre Elliott Trudeau, German Chancellor Helmut Schmidt, French President Valery Giscard d'Estaing, Italian Prime Minister Francesco Cossiga, President Jimmy Carter, British Prime Minister Margaret Thatcher, and Roy Jenkins, President of the Commission of the European Communities.

"legitimate rights of the Palestinian people." This action has helped to take the pressure off some moderate Arab regimes in the Middle East which have been criticized for tacitly supporting the status quo. The apparent disunity within the Western alliance is unfortunate. A later section of this chapter addresses in more detail the question of an overall political settlement of the Arab-Israeli conflict.

Policies Toward the Soviet Union. Although there is substantial agreement among the major industrial countries that a common stance should be taken toward the Soviet Union, there are important differences over tactics. These arise principally because of differing interpretations of the motives of the Soviet government in, for example, the invasion of Afghanistan. They also spring from different perceptions of long-term interests. In the commercial sphere, the Europeans and the Japanese have balked at applying export controls except for items with direct military application.

While most of the United States' industrial allies agree that the move into Afghanistan was provocative, they disagree about the threat it poses. The French government, for example, sees the invasion as primarily an East-South matter, while the government of the Federal Republic of Germany wants the invasion kept in perspective so that it does not disrupt movement toward arms control agreements or commercial relationships.

Increasingly the Federal Republic sees no alternative to *Ostpolitik* for four reasons: 1) its links with the German Democratic Republic require continuous contact with the Soviet Union, 2) the need to reduce the level of nuclear and conventional armaments in the European theater necessitates further negotiations, 3) its energy policy has established a target of receiving 40 percent of its natural gas from the Soviet Union, and 4) German exports to the Soviet Union and Eastern Europe are growing rapidly.

Not all the allies have opposed the U.S. position on Afghanistan, and none has done so to the extent that the U.S. position has been gravely undermined. This issue illustrates, however, that more and more the allies will be able to voice diverging views. Thus there is increased urgency that the United States consult with its allies on relations with the Soviet Union.

One of the most important developments in U.S.-European relations in the past decade was the evolution of a set of new institutions through which the members of the European Communities (EC) can establish common positions on foreign policy. Coordination can be achieved through the Commission or the Council of Ministers of the EC, but more frequently it has been done through the machinery of European Political Cooperation. It has become a forum through which the foreign ministers of

the EC countries can consult frequently and often informally and pool information on foreign affairs. The Europeans have used European Political Cooperation to arrive at their common policy statements concerning relations with the developing world in the past, and more recently on the Arab-Israeli conflict.

It is unlikely that the members of the European Communities will come to take on collectively the attributes of a superpower like the United States or the Soviet Union. Despite the increasing integration of European markets and greater coordination of foreign policies, each European nation retains the right to circumvent European institutions when the latter do not respond adequately to national needs and aspirations. In the areas of defense and energy policy, for example, there is not as much cooperation as is needed. Even in economic and foreign policy, there are still wide differences of perspective and policy. The negotiations over the adherence of Spain and Greece to the Treaty of Rome will surely create a number of difficult problems for the common agricultural policy of the EC. In foreign affairs, however, the EC has proven to be an important facilitator of policy coordination. The evolution of European institutions will be an important factor that the United States will have to monitor carefully.

The Communist World

There is no monolithic international Communist movement. Each of the nations that is currently ruled by a Communist government retains much of its national character and distinctive cultural origins. Foreign policies among Communist governments are sometimes widely divergent; economic structures and priorities are often dissimilar. The willingness of individual regimes to tolerate dissent and competing ideas varies greatly. In addition, deep fissures have developed among national Communist parties on important issues of social policy, defense, and international affairs, badly fraying the fabric of global Communist solidarity. Moscow does not control a compliant network of client governments willing to do its bidding without question or complaint. The diversity among Communist governments is a phenomenon that is as striking as it is inevitable.

U.S. foreign policy, however, has sometimes tended to regard the activities of individual Communist regimes as representing nothing more than single threads of an overall tapestry, largely designed by Moscow. Such an approach is no longer sufficient for managing the complexities of existence in a world where two very different ideological systems compete for political and economic influence. *We have missed important tactical opportunities by failing to appreciate the differences among Communist regimes,*

and we may run the risk of sacrificing our larger interests by overemphasizing the unitary nature of policy initiatives undertaken by separate Communist governments.

American postwar foreign policy has been deeply imbued with a very strong visceral sense of distrust and suspicion for the internal practices and international activities of the Soviet Union. That basic attitude is largely shared—with some justification—by the American people. The goal of containing the USSR animated much of our foreign policy during the 1950s and 1960s and constitutes an important residual element in official attitudes toward the Soviet Union even today. *As antipathetical as our two systems of government may be, however, we should guard against the temptation of interpreting every setback to American foreign policy as an inevitable victory for the Kremlin.* Reverses will sometimes occur by themselves; the hand of Moscow is not behind every setback we encounter.

In similar fashion, the Soviet Union itself will not find the future world an entirely hospitable place in which to conduct its relations with other governments. We shall compete vigorously with the USSR in the coming years, but the need to counter Soviet activities that we regard as contrary to our own interests should not be the sole criterion upon which we base our policies toward other nations in the world. Perspective will be required. We need not minimize the Soviet threat, but neither should we overreact or assume that Soviet foreign policy is on the ascendency. Freedoms are inviting to all peoples. With patience and perseverance, we shall demonstrate that democratic self-governance is the more potent and effective force for today and for the future.

The Soviet Union. *Our relations with the USSR in recent years have been particularly susceptible to dramatic swings in attitude and perspective.* Since 1972, at the zenith of detente, we have fallen to a position of outright hostility following the Red Army invasion of Afghanistan. In many respects, the peripatetic nature of our policies has been the result of a persistent inability to formulate a coherent approach to managing our relations that is not generally dependent upon the actions of the Soviet leadership. Having abandoned the postwar strategy of containment, we have instead proceeded to abdicate to the Soviet Union the initiative in conducting our bilateral relations. Lacking a coordinated philosophical understanding of the nature and intentions of Soviet policy, we have implemented an approach which purports to reward the USSR for good behavior and punish it for bad.

Needless to say, U.S. relations with the Soviet Union should be managed in accordance with a coherent understanding of how all the discrete elements of our

bilateral concerns interact. The United States should take care, however, to ensure that its individual dealings with the Soviet government are based upon the principle of reciprocity. It is unwise and unproductive to allow the Soviet Union a unilateral concession in one area in the hope that its cooperation in another matter will thereby be secured. We have sometimes been too willing in the past to overlook or ignore imbalances in some aspects of U.S.-Soviet affairs, and such a tendency should not be continued in the future.

The long-term inadequacy of a reactive approach to the Soviet Union manifests itself in two ways. First, our ability to manage the relationship so as to further our own interests is necessarily reduced. *If the United States does nothing more than react to Soviet initiatives throughout the world, then we have lost the capacity to respond creatively in a positive and affirmative manner.* We have voluntarily put ourselves on the defensive. Second, *the Soviet leadership has always been explicit in its rejection of the concept of linkages.* We can generally anticipate that Soviet foreign policy will be designed on the assumption that the international priorities of the USSR must be met, the wishes of the United States to the contrary notwithstanding. From a Soviet perspective, this is not an unreasonable basis upon which to build a foreign policy, and the United States should similarly resolve that our relations with other states should not be wholly dependent upon how a particular government deals with us.

Needless to say, *there will continue to be specific episodes of Soviet conduct that may require some modification in our bilateral relations.* The invasion of Afghanistan, for example, was a singular example of Soviet contempt for the concept of national sovereignty. The United States had to respond in a forceful and determined manner in order to demonstrate that the Red Army cannot be used as an instrument of Soviet foreign policy without entailing substantial costs. In general, however, we should be realistic about the extent to which the USSR can be influenced by U.S. policies or actions, and we should be resourceful in seeking out areas of competition where the United States can prevail through the adoption of policies and programs best-suited to the specific issue at hand. The United States should not allow its relations with the USSR to be entirely dependent upon how responsive we believe that nation is to the accommodation of our international interests. There is no objective reason to believe that the Kremlin will oblige us in this regard, and in the long run we are sure to be disappointed.

It is important to understand that the USSR operates with a different international agenda than we do and that the differences between the two societies are

actually much greater than the similarities. Historically, our two nations have only rarely interacted. The Soviet Union, and Tsarist Russia, have been preoccupied with a different set of internal and international problems than those which have confronted the United States, and geography has dictated that each nation would become oriented toward different regions of the world. The United States and the USSR are not natural trading partners; the annual volume of our bilateral trade is quite small. Each nation has a distinctive cultural identity, and the historical and philosophical determinants which have shaped our governments and our societies have obviously been quite divergent.

Because the United States has had comparatively little in common with the Soviet Union historically and because we have also had only a relatively short period of time to study that society firsthand, *our lack of knowledge about Soviet decisionmaking is sometimes translated into the implicit assumption that Soviet foreign policy is infused with the same objectives and constraints that influence our own approach to world affairs.* Not surprisingly, this faulty perception of the origins of Soviet policy causes many Americans to be puzzled and upset when the USSR embarks upon initiatives or activities contrary to our expectations of what a rational foreign policy should be. In order to construct an effective approach to managing bilateral relations during the 1980s, *it is imperative that we begin with an accurate and comprehensive understanding of the motives and guiding principles that shape the USSR's outlook on world affairs,* and not merely interpret Soviet actions through the distorting lens of our own experience and geopolitical interests.

First, *the Soviet state is based upon an ideological foundation that rejects most Western values of individualism and tolerance for the pluralistic competition of ideas.* The advantage of this approach from a Soviet perspective is that it lends to its foreign policies a degree of consistency and unity of purpose that is sometimes lacking in U.S. foreign policy. The Soviet Union can afford to take a very long view of the historical forces at work in the world and need not worry about policy vicissitudes occasioned by quadrennial elections or the shifting pressures of public opinion. It also means that there are certain fundamental aspects of Soviet foreign and internal policies which are dictated by the state's need to appear to serve the ideological framework upon which its legitimacy rests. Thus, it would be unrealistic for the United States to expect any dramatic change in the repressive nature of Soviet rule or to believe that we can persuade the USSR to abandon its support for national liberation movements and other developments that could contribute to the creation or strengthening of Communist regimes.

Second, *the Soviet leadership and the bureaucracy which it controls are basically conservative in nature,* oriented principally toward consolidating and preserving the government's rule at home, and only secondarily toward expanding its dominion beyond the borders of the Soviet Union. To be sure, the USSR will exploit any opportunity it can to increase its influence throughout the world, but the first priority will remain at home. It is for this reason that Soviet leaders reacted in such violent fashion to the U.S. campaign for human rights and why a major current preoccupation of Soviet policymakers is the possibility that future ethnic and national turbulence within the USSR might be exploited by foreign governments as a means of capitalizing upon one of the regime's most important vulnerabilities. Tactically, Soviet diplomacy is suffused with suspicion and mistrust for the outside world, and the traditional emphasis of both the USSR's foreign and military policy has been to guarantee the defense and integrity of the homeland. This is the main reason the Soviet Union is determined to maintain a military establishment far in excess of what would be considered necessary in the West, why the Soviet leadership regards China with an almost pathological degree of fear and hatred, and why the USSR ultimately decided that it could not tolerate continued instability in the neighboring country of Afghanistan.

Third, *Soviet foreign policy reflects the nature of Soviet government as a whole by containing a significant element of opportunism.* Soviet bureaucracy has become a cumbersome and ossified apparatus, dimly responsive to the wishes of the leadership, but riddled with bottlenecks and inefficiencies. Faced with declining productivity, chronic shortages, and an inability to fulfill Plan expectations, the USSR has had to turn to the West for the technical expertise and economic skills that the Soviet state has been unable to develop. *It has become increasingly apparent that the USSR has lost much of its appeal as an attractive model for the developing world.* Forced to deal with the fact that Soviet Communism has failed in its quest to represent the wave of the future, the USSR's foreign policy has had to rely instead upon the identification and exploitation of targets of opportunity. This has resulted in the development of an international outlook that is notable for a singular absence of principled concern for other nations or for humanity at large and a cynical commitment to furthering the interests of the Soviet state by virtually any means.

Important changes will occur in the Soviet leadership during the 1980s. No one can now predict who will succeed Chairman Brezhnev and the other senior members of the Politburo. It is possible to say, however, that all of the

likely candidates are men who are now close to positions of power within the government, and that all share, at least in general terms, the foreign policy perspectives that have evolved over the past two decades. Major deviations in Soviet policy throughout the world are not likely to take place during the next 10 years. Subtle shifts of emphasis and style may occur, but the broad outlines of the USSR's international participation will continue to be generally congruent with the policies developed during the Brezhnev era.

This means that the world will continue to be a place of some potential danger for the United States, and that *the Soviet Union will remain our principal antagonist in the realm of international politics.* We shall need to respond to the challenge of Soviet competition in a thoughtful and determined manner, recognizing the nature of the threat before us, but not yielding to the temptation of adopting simplistic strategies to deal with a complex and multifaceted relationship.

A few general policy guidelines flow from an understanding of the motivating forces that shape much of the USSR's foreign policy. With respect to the ideological basis upon which the Soviet regime was founded, *the United States is in an excellent position to engage the USSR in the worldwide competition of ideas.* State socialism, as practiced by the Soviet Union, has resulted in the creation of a massive official bureaucracy dedicated to internal repression and control. The USSR's centrally planned economy is persistently unable to meet even some of the most basic needs of the Soviet people. We need not be apologetic for the occasionally chaotic exuberance of capitalist democracy as practiced in the United States. In comparison to the inadequacies of the Soviet system, the United States clearly represents the preferable alternative. This is a substantial asset in dealing with other nations, one that we have perhaps undervalued in the recent past. *While we should not expect to be able to precipitate meaningful change within the USSR itself, we can hold out the promise of democracy and freedom as important and relevant factors for other countries when choosing between our two societies.* The USSR is active throughout the world in proclaiming the inevitability of Western decline; the United States should not be reluctant to turn the tables.

It would be unrealistic, however, to expect the policies adopted for managing U.S.-Soviet relations automatically to result in quick or definitive solutions. Nor should we become discouraged if we suffer temporary reverses or fail to encounter immediate progress. *The keys to success in dealing with the Soviet Union are patience and persistence.* We need to have a long-range strategy that can adapt to the changing world environment and also accommodate the

inevitable peaks and valleys that will punctuate East-West relations in the future. We have tended vastly to overestimate the potential benefits to be derived from a single thaw in relations, such as occurred during the recent period of detente, and we also tend to overdramatize the negative aspects of our relations with the USSR during periods of conflict. Soviet foreign policy is traditionally based on a longer perspective that accepts the fact that it may not be possible to realize some international objectives for many years. The USSR is governed, of course, by leaders who can remain in office for decades. The consistency and tenacity of U.S. foreign policy may suffer from our constant turnover of elected and appointed officials, but that is unquestionably a price that we are well-served by paying.

Relations between the United States and the Soviet Union during the next 10 years will not, of course, be marked by unrelieved tension and continuous hostility. *There are areas in which our two governments can cooperate,* and there are benefits that the United States can derive from working with the Soviet Union in certain fields. *Generally, however, the United States should enter into cooperative projects with the USSR only if it is clear that it stands to gain in the process, and not because of any hope that increased cooperation alone will serve to moderate Soviet behavior on other matters.* Thus, trade and commercial agreements should be negotiated in order to serve U.S. economic interests, and not with the expectation that the USSR can be caught in a web of dependency upon the West. Scientific exchanges can be a fruitful means of securing information about Soviet technical advances, but we should be realistic about how much these types of programs can accomplish in terms of expanding the freedom of inquiry within the USSR. There may even be occasional instances when the United States and the Soviet Union can work together on sensitive political issues, but encouraging the USSR to participate in the Middle East peace process, for example, can only lead to heightened tensions in the area and reduce the probability that a comprehensive settlement can be reached.

The conservative and defensive nature of the Soviet regime is often manifested in a curious insecurity about the USSR's status and role in world affairs. Many Soviet leaders are painfully aware of the shortcomings of their society, and they value highly any recognition that the USSR is now a global power in its own right. The United States cannot ignore the fact that the Soviet Union is today a more powerful participant in world affairs than previously, and *we should be alert to any opportunities that arise from the desire of the Soviet leadership for affirmation of the USSR's equality with other states.* Thus, Soviet

negotiators were willing to agree to important human rights provisions in the Helsinki Final Act in exchange for the paper recognition of the USSR's interests in Eastern Europe. Whereas the latter issue has had little impact on international politics, the human rights guarantees have been forcefully used to monitor Soviet compliance with universal standards of individual liberty. In a related fashion, the boycott of the Moscow Olympics was a blow to Soviet prestige, probably representing, from a Soviet perspective, one of the most damaging reprisals undertaken by the West following the invasion of Afghanistan.

While it is often possible to exploit the insecurities of the Soviet leadership in order to obtain specific tactical advantages, it would be counterproductive for the United States to fuel the USSR's sense of isolation and inferiority when no concrete objective can thereby be obtained. *We can no longer realistically base any part of our foreign policy on the single-minded goal of Soviet containment.* The expansionist proclivities of the USSR must be dealt with in a forthright manner, but we must also accept the fact that the Soviet Union will remain a powerful force in the world for some time to come. We should not entertain the false hope that the USSR can be relegated to a position of impotence or weakness through any actions that we might initiate. Such a hope is simply not grounded on an accurate appreciation of the dynamics of our bilateral relationship.

The United States can, however, deal effectively with Soviet opportunism whenever it threatens to erode or damage our own international interests. We must be clear about what those interests are and not attempt merely to oppose every single Soviet action throughout the world. Experience indicates that the USSR is often very clumsy in handling foreign relations, and some Soviet initiatives fail of their own accord through mismanagement or faulty implementation. *When it is clear, however, that the vital interests of the United States are directly threatened by a particular Soviet policy, then this country must respond in a vigorous fashion. Usually, such a response should be tailored to match the conduct of the USSR that we wish to oppose.* For example, the indirect supply of arms and equipment by the United States to the Afghan freedom-fighters would have been a more suitable counter to the recent invasion than an embargo of American grain sales to the Soviet Union. Such a policy would have had a direct impact upon the course of the fighting in Afghanistan and would have avoided damaging our international trade balance. Inasmuch as the Soviet leadership rejects the concept of linkages as a means of moderating a nation's behavior, so, too, should they be prepared for direct manifestations of American displeasure at the same time

that we continue to take advantage of other, unrelated aspects of the relationship that work to our benefit.

Above all, U.S. policy toward the Soviet Union should be based upon a realistic appreciation of the comparative strengths and weaknesses of our two societies. Unfortunately, we hear very little about the challenges facing the USSR in the coming decade, while our own troubles and shortcomings are debated in great detail. Many Americans and citizens of other nations have consequently developed a vague feeling of unease concerning the capacity of the United States to compete effectively against the international policies of the Soviet Union. We have only to enumerate our basic strengths, however, to understand that the prospects for American foreign policy during the 1980s are largely dependent upon the quality of our society as a whole. *In that regard, the United States leads the Soviet Union in nearly every indicator of national life. While the U.S. economy is subject to oscillating periods of expansion and contraction, this country does not have to deal with the major structural problems that will continue to constrain Soviet economic growth.* The USSR is saddled with a rigid and unresponsive economic decisionmaking bureaucracy that has been chronically unable to overcome production shortages and maldistribution of resources. During the 1980s the Soviet leadership will have to contend with a newly awakened sense of ethnic and cultural identity among the discrete nationality groups that comprise the Soviet state. Internationally, China will continue to represent a major preoccupation of Soviet foreign policy, the drain of supporting the Cuban economy will persist, and it is probable that policy disagreements with some East European governments will intensify. *On balance, there is much reason to believe that the United States will ultimately prevail in the historic struggle between our two systems of government.*

The People's Republic of China. The transformation that has taken place in U.S.-Chinese relations over the past 15 years has been truly remarkable in its scope and dimensions. China has emerged from isolation and has assumed a major role as an important and responsible participant in world affairs. The United States, in turn, has progressed from a policy of complete non-recognition to develop a close working relationship with the Chinese government on a host of significant economic and political issues.

We should not, however, expect the essential nature of our international interests to coincide forever. Though China has become a close friend to the United States, the potential policy differences between our two governments are sufficiently numerous to guarantee that we shall not become actual allies within the foreseeable future. China is a huge, underdeveloped country whose principal tasks

during the next decade will center upon internal development and whose economic policy perspectives remain closer to those of the Third World than to those of the industrialized West. To modernize economically, there is no alternative for China but to rely upon the resources of Europe, Japan, and the United States, but this country would be mistaken in believing that the expansion of trade between our two countries (likely to exceed $4 billion in 1980) will automatically result in a convergence of views on the nature of the international economic order.

In matters of defense, there are only a few areas in which our two governments can usefully cooperate. From our perspective, China performs the very helpful function of diverting Soviet military resources from an exclusive concentration upon Western Europe. Nearly one-quarter of the USSR's annual defense budget is oriented toward countering the perceived threat of China. The United States may profitably continue to engage in some types of limited military liaison with the Chinese and may also decide, on a case-by-case basis, to sell them dual-use technology. U.S. policy in this area, however, should not be designed so that it expands China's indigenous military capabilities.

Thus, while the United States can look forward to a generally profitable and harmonious relationship with China during the next decade, we should also be aware of the fact that our two governments will not have identical international interests. The United States should premise its relations with the Chinese government on a dispassionate understanding of what will best serve the broader interests of the United States. In that regard, and as generally should be true with all governments, *it will be important that we not adopt policies or undertake actions solely to cultivate the good opinion of the Chinese leadership.* There is much that China stands to gain from close cooperation with the United States, and we need not be reluctant to bargain with the Chinese so as to further our own policy objectives. In particular, the United States should have been more sensitive to the possibility that the present Chinese leadership would have been willing to compromise on the issue of U.S. relations with Taiwan as a part of the process of normalization, and we must be alert to similar tactical opportunities in the future. On the whole, however, the emergence of China as a responsible and constructive force in world affairs is a welcome development of great beneficial significance for the United States.

Eastern Europe. The cultural and ethnic diversity of Eastern Europe is a factor that must be taken into consideration by U.S. foreign policy. There is no other region in the Communist world in which the differences between

neighboring governments are as great, and *U.S. foreign policy should be sensitive to the significant disparities that exist among the governments and peoples of Eastern Europe.* Those disparities will shape and influence our own relations with each nation in the region and define the progress that can be made in solidifying ties with individual regimes. We can anticipate, for example, that Romania will probably continue to follow a foreign policy that differs in many important respects from that prescribed by Moscow. Hungary will continue its innovative experiments in the operation of a mixed economy. The Czech government, on the other hand, shows little inclination to moderate its repressive internal rule, and Bulgaria is likely to remain the East European government most compliant in echoing Moscow's foreign policy line.

U.S. foreign policy should continue to deal with each East European nation as a separate and discrete entity, avoiding the pitfalls of considering the region as a monolithic whole. *The United States may profitably attempt to reward those governments that assert their independence from Moscow or adopt policies favorable to the West, but it must also realize that complete autonomy in national decisionmaking is not a goal that any East European state can realistically pursue for the foreseeable future.* The nations of East Europe will continue to be ruled by Communist governments that must at least appear to be generally responsive to the dictates of the Soviet Union. As history indicates, there are broad policy parameters—becoming wider with the passage of time, but still enforced by the Kremlin—outside of which an East European government treads only at its grave peril.

Nonetheless, the foreseeable trends indicate that the ties between most East European governments and the West will expand during the next 10 years. Declining productivity, energy shortages, and rising foreign indebtedness will impel many nations in the region to seek Western support and assistance in managing the transition to economic affluence and stability. The number of industrial coproduction agreements is likely to multiply, Western technology will be in greater demand, and several governments in the area are already beginning to institute limited reforms intended to introduce elements of the marketplace into their command economy systems. Now that Romania has become a member of the International Monetary Fund, it is certainly conceivable that Eastern European participation in international economic organizations and decisionmaking will increase.

The rising sense of nationalism within Eastern Europe and the growing appeal of democratic governance may accelerate the divisive tendencies inherent within some East European societies. The recent worker demonstrations and

successful strike action in Poland are an example of the type of movements that may become more common during the next decade. While the United States should be sympathetic to the struggle for greater individual liberty within Eastern Europe, we must be patient as the historical trends continue to evolve. The United States should take no action that would foment instability in the region and thereby increase the risk of Soviet intervention. We may trust that, in the long run, the changes taking place throughout most of Eastern Europe will cause the Soviet Union's influence in the area to diminish rather than increase. Only the most blatant provocation could justify direct U.S. involvement.

Yugoslavia is a special case. The death of Tito removed the single most important unifying force from that nation, and the pressures on the new collective leadership will be great for several years to come. The Yugoslav people seem to understand the dangers that face their nation, however, and the popular determination to remain unified and independent appears to have submerged, at least for the moment, any incipient internal movement toward division. *The United States should follow developments in the area closely, making clear our opposition to any intimidation by the Soviet Union, but recognizing that the basic struggle to preserve Yugoslavia's autonomy rests with the Yugoslav people themselves.* Caught in a curious limbo between East and West, North and South, Yugoslavia faces a difficult future, and the United States should not take any action that might inadvertently make that future more problematic.

Other Communist Governments. U.S. relations with other Communist regimes in the next decade will largely center upon two turbulent regions: Southeast Asia and the Caribbean. *Our policy toward Southeast Asia during the 1980s should be to minimize the human suffering caused by military conflict in the area and to encourage the Vietnamese government to become a responsible member of the international community.*

It may not, however, be possible for the United States to take a leading role in resolving the turmoil now engulfing Indochina. In view of our past association with the region, we may not be able to secure the trust and confidence of all the governments that will have to participate in constructing a durable solution. The United States can, however, encourage other governments to offer their good offices in the search for a peaceful solution that will preserve the rights of the Khmer people while preventing the spread of hostilities to neighboring states. In the meantime, *we should do what we can to save the Kampuchean (Cambodian) people, to support the government of Thailand, to urge the withdrawal of Vietnamese military forces, and to encourage a moderation in Vietnam's*

foreign policies. The short-term outlook for Indochina, however, is not on the whole very bright.

Our relations with Cuba can be expected to undergo some evolution during the next decade, although it is difficult to predict the exact nature of the changes we may encounter. It is clear that a Communist regime is solidly entrenched in Cuba, that we should abandon the thought that Fidel Castro will be overthrown, and that the dependence of the Cuban government upon the Soviet Union will probably remain substantial. In general, *while normalization of relations with Cuba should be our ultimate goal, we may have to wait for signs that Cuba is willing to moderate the expansionist aspects of its revolutionary philosophy and abandon its willingness to serve the military interests of Moscow.* That day may come, but it may not be for many years.

With regard to the other nations of the Caribbean, however, there is much the United States can do to increase stability in the region, counter the influence of Cuba, and promote greater economic development. Many nations in the Caribbean face the difficult challenge of demonstrating that micro-states can function as healthy and independent entities in the modern world, and all will have to grapple with formidable economic problems for the foreseeable future. It is these internal difficulties, and not the influence of Cuba alone, that may provide the impetus for an increasing radicalization of some of the governments in the Caribbean region.

The United States should attempt to address the underlying causes of instability in the Caribbean and not merely react in panicked fashion when some governments in the area support the political rhetoric of the Cuban government. The latter course was, unfortunately, the tactic adopted by the United States following the 1979 Non-Aligned Movement summit meeting in Havana, and it can be argued that the vocal opposition of the United States gave the summit meeting a visibility and a symbolic importance that it could otherwise have achieved only with the greatest difficulty.

We need to pay much more attention to the Caribbean in the next 10 years, improve the quality of our diplomatic representation to the area, and expand our programs of economic assistance and bilateral cooperation. In this way, we stand a good chance of protecting our basic interests and of strengthening the forces for democratic self-rule. If, however, all we can offer to the governments of the Caribbean is relentless exhortation against the dangers of Cuban influence, then there is the potential that the United States will witness greater instability in the years to come.

The Developing World

The United States has extensive interests in the developing world. With respect to security, the most obvious are to compete successfully with the Soviet Union for the loyalties of Third World governments and to maintain access to military facilities in certain regions. The United States also has an obligation to preserve and expand international institutions which help to resolve peacefully the disputes among national governments.

U.S. economic interests in the developing world are substantial. In 1978, merchandise exports from the United States to non-OPEC developing countries were 26 percent of total exports, more than its exports to the European Community, Eastern Europe, People's Republic of China, and the Soviet Union combined. Developing countries import 50 percent of U.S. cotton exports, 65 percent of its wheat exports, and 70 percent of its rice exports. In manufacturing alone, 800,000 American jobs depend on exports to the developing world. From 1970 to 1978, exports of capital goods to developing nations increased from under $5 billion to over $22 billion. About 24 percent of the $170 billion in U.S. overseas direct investment is in the developing world, as is 31 percent of the $190 billion in U.S. bank claims on foreigners. Between 1973 and 1980, the growth of loans to developing countries from U.S. private banks, part of the recycling of OPEC surpluses, has been remarkable. The United States increasingly relies on the developing countries as sources of vital raw materials. Eighty-one percent of U.S. tin, over 90 percent of its bauxite, and now about 40 percent of its petroleum consumption comes from the developing world (see Table 4).

The international economic system that has helped the industrial countries reach unprecedented levels of prosperity has been under attack by developing countries that perceive it to be biased against their interests. Despite some success in the past 20 years—for example, Brazil, the Republic of Korea, Taiwan, and Mexico became major producers and exporters of manufactured goods—even in the more prosperous countries a sizable portion of the population lives barely above the level of subsistence. In other parts of the developing world, the already weighty burden of poverty has been increased by a trend toward higher prices for energy and capital goods relative to traditional agricultural or mineral exports. *It is in the interests of the United States to foster an international economic system that creates new opportunities for the developing world.*

The United States has experienced disappointments with its policies of fostering economic growth through foreign aid. The percent of U.S. Gross National Product devoted to official development assistance declined from 0.31 percent in 1970 to 0.23 percent in 1978 (the average

Table 4

U.S. Imports of Important Minerals from Foreign Countries as a Percentage of Total Imports of Those Minerals, Latest Estimates (1980)

Mineral	Percent	Major Sources
Columbium	100	Brazil
Strontium	100	Mexico
Industrial Diamonds	100	Ireland, South Africa
Manganese	98	South Africa, France, Japan
Tantalum	96	Thailand, Canada, Malaysia
Bauxite	93	Jamaica, Guinea, Surinam
Cobalt	90	Zaire, Belgium, Zambia
Chromium	90	South Africa, Philippines, USSR
Platinum	89	South Africa, USSR
Asbestos	85	Canada
Tin	81	Malaysia, Thailand, Indonesia
Nickel	77	Canada
Cadmium	66	Canada, Australia, Mexico
Zinc	62	Canada
Mercury	62	Algeria, Spain, Italy
Tungsten	59	Canada, Bolivia, Republic of Korea
Selenium	40	Canada, Japan, Yugoslavia

Source: *Newsweek,* November 10, 1980, p. 98. Original sources were the U.S. Bureau of Mines and Sinclair Group Cos. ©1980 Newsweek Magazine; reprinted with permission.

for all the industrial countries was 0.32 percent in 1978). Some industrializing developing countries (such as Taiwan and the Republic of Korea) put their aid to good use in building infrastructure and financing land reforms. These countries had received a large amount of aid because of their strategic importance. Now they no longer need economic aid. Other countries, for a variety of reasons, have not benefited as much from development assistance. One form of assistance which has had ambiguous effects, for example, is the food aid given through the P.L. 480 program. While this aid has saved people who would have died because of hunger and malnutrition, it also has created disincentives to increasing production. Thus, aid must be considered as only one, and sometimes the least preferred, mechanism for transferring resources to the developing world. (Alternatives are discussed in the next chapter.)

Beyond security and economic interests, the United States has other important concerns. For example, the United States has a long-term interest in advancing the

cause of human rights. Working with other interested nations, the broad goals of the United States should be:

- ☐ To assure that crises are not exploited to weaken the strategic position of the United States or otherwise to threaten the peace;
- ☐ Where there is a commonality of interests, to assist the developing countries in solving major economic and social problems; and
- ☐ To advance the cause of human rights and reduce human suffering.

The first goal is discussed below, the latter two in Chapter 3 on the world economy and Chapter 5 on human rights. It should be remembered, however, that the problems of interstate warfare and domestic political instability are often closely related, even though here they are considered separately. One of the most important tasks for the 1980s will be to formulate a set of viable political responses to wars and political instability in the developing world.

International Crises. Since the outbreak of the Korean War, many great international crises have taken place in the developing regions: the Suez in 1956, Lebanon and Jordan in 1958, the Formosa Straits in 1958, the Congo in 1962, the Dominican Republic in 1965, the Arab-Israeli Wars of 1967 and 1973, the Indo-Pakistani Wars, and, recently, the invasion of Afghanistan and the war between Iran and Iraq. The Indochina conflict has gone on virtually continuously since the end of World War II. Latin America has been fortunate in having been virtually devoid of interstate warfare, but the Football War between El Salvador and Honduras in 1969 and the recent war-scare crisis between Argentina and Chile are reminders of a growing potential for interstate warfare.

Each crisis has its unique features, but there are a few general guidelines that might be applied to their management:

- ☐ The United States should try to identify crises in the making and to take actions which might reduce their destructive impact;
- ☐ Regional peace-keeping organizations should be given greater responsibility for helping to manage crises, to reduce the likelihood of major confrontations; and
- ☐ In some cases, a prudent transfer of resources could mitigate the circumstances which helped produce a crisis (a recent example of this was the use

of U.S. financial guarantees to Nicaragua to accelerate the departure of Somoza).

In the past, a major source of crises has been the struggle on the part of developing countries to win political independence from colonial or pseudo-colonial powers. This was originally a major cause of the Indochina conflict, the Suez Crisis, the Franco-Algerian conflict, and the struggles in Angola and Mozambique. These anti-colonial movements have declined in importance as the number of colonial territories declined. There is still, however, potential for turmoil in the independence movements of some Caribbean dependencies and in Southwest Africa because of its association with the wider problem of South Africa's policy of apartheid.

The most frequent cause of interstate warfare in the developing world is likely to remain, as it was in the past, the attempt to resolve border disputes through military force. While many such disputes are resolved peacefully, the rapid growth in expenditures for conventional arms in the developing world makes it more tempting to resort to force.

Regional organizations such as the Organization of American States and the Organization for African Unity have proven their worth in helping to resolve violent conflicts between states. They seem to work best when the major powers do not become involved. Unfortunately, neither organization is prospering.

The OAS suffers from a lack of interest on the part of the United States and many Latin American governments. Its attempts to broaden its activities into the fields of economics and human rights have not reversed this trend. While the efforts of Latin Americans to form regional groupings such as the Latin American Economic System and the Andean Pact are laudible, none of these is designed to play the valuable peace-keeping role the OAS has played.

The OAU has barely survived during a period of growing militarism and nationalism in Africa. Its decay has produced an upsurge in military interventions by foreign powers. Two instances are the intervention by the French in Zaire during the invasion of Shaba Province by exiled Katangese guerrillas in 1978 and the Tanzanian intervention during the fall of the Amin regime in Uganda.

The United States government should support the activities of regional peace-keeping organizations and work with them when disputes arise. In addition, American foreign policy should clearly support the principle of nonintervention in the internal affairs of states. It is the principle upon which the continued vitality of regional peace-keeping institutions must be based and has evoked

an international consensus. There may be instances, however, where the United States may justifiably intervene, as discussed in Chapter 4 on national security. The United States may continue to promote human rights without violating the principle of nonintervention (see Chapter 5 on human rights).

Domestic Instability. The internal problems of developing countries are cause for concern in the United States when they impinge upon the rights of individuals or expose people to greater suffering. In very poor countries, the rise of despotic governments sometimes produces outcomes of almost genocidal proportions. The worst recent example is the suffering imposed on the Khmer people by the Pol Pot regime. A similar case can be made for the effects of the Amin dictatorship on the Ugandan people or the Duvaliers on the Haitian people. The question of U.S. support for these regimes will always be on the agenda. In the 1980s, debates over support for repressive regimes in Central America will also take place.

A more complicated problem is posed by the rise of authoritarian governments in the more industrialized countries of the developing world. The process of industrialization seems to go together with a concentration of economic power in the hands of the state, as well as with a tendency to deal with disputes between labor and business by placing restraints on the ability of workers to organize into bargaining units. This phenomenon is as much in evidence in socialist regimes as it is in capitalist ones. The problems of "late industrialization," that is, industrialization which occurs after a number of industrial powers have already established themselves in the world economy, seem to intensify this tendency. The rise of the bureaucratic authoritarian state, most notably in Latin America and Southeast Asia, is the observable consequence.

Such regimes, while seemingly well-entrenched in a number of societies, have a potential to evolve into more open societies. The transition to democratic government in Portugal, Spain, Peru, and Nigeria is a hopeful sign that nations can make that shift under the proper conditions. On the other hand, authoritarian regimes may also degenerate into chaos, as in Argentina in the years immediately following the death of Juan Perón or in Iran after the fall of the Shah.

The most difficult problem the United States faces is that it often needs the friendship of such regimes—to establish military bases and facilities, to support its efforts in resolving or managing regional conflicts, to get support for U.S. views in the United Nations, etc. *The United States must avoid becoming overly reliant on repressive regimes that are likely to collapse.* It will not be possible to be prescient about the timing of regime failures, however,

so an adequate means for reviewing U.S. commitments to these regimes on a continuing basis, and especially during periods of transition, must be developed.

Specific Regional Problems

Latin America, the Middle East, and Southeast Asia are and will remain particularly important to the United States. While this country has major interests in Africa and the Indian subcontinent as well, the focus here is on the first three regions, as the issues they raise may be more controversial.

Latin America and the Caribbean. Excepting the period coinciding with the Vietnam War, Latin America is the developing region which has traditionally received the greatest attention from the U.S. government. This country has an obvious stake in preserving hemispheric security, acknowledged soon after the American Revolution in the Monroe Doctrine. A large proportion of U.S. trade with the developing world is accounted for by this region. The same is true for direct private investments. Latin America supplies the United States with a considerable proportion of its imported energy and raw materials.

Latin America has been very important in the domestic politics of the United States, especially since the Cuban Revolution. Recent debates over the Panama Canal treaties, the role of Cuban forces in Africa, the purchasing of oil and natural gas from Mexico, and the fate of the Somoza regime in Nicaragua have shown that U.S. foreign policy interests in Latin America are both controversial and extensive.

One persistent problem is that U.S. promises of a "special relationship" with Latin America have not been kept. The concept of a "special relationship" has two aspects. One is that the United States has a special obligation to assist with the economic development of Latin America. The second is that the United States might be expected to intervene in hemispheric affairs to safeguard its own security. Most Latin Americans applaud the former but reject the latter.

The United States should put greater stress on economic assistance to the region. Economic assistance does not necessarily imply more foreign aid. Latin America as a region is more industrialized and, in terms of per capita income levels, richer than Subsaharan Africa and the Indian subcontinent. Only non-Communist Southeast Asia can rival Latin America in economic terms. Because of their success, the more industrialized Southeast Asian and Latin American countries often articulate the economic interests of the developing world in international fora.

A few countries have begun to resemble the industrialized countries more than those in their region. Foremost in

this category are Argentina, Brazil, and Mexico. In addition, Latin America has several major producers and exporters of petroleum. Latin Americans today are more confident of their own capabilities and are beginning to project their new-found power in the international arena. *The revitalization of a hemispheric partnership, embracing all of North America, the Caribbean, and Latin America, must begin with an awareness of the region's gathering sense of stature and maturity.*

There are still, however, many poor people in Latin America. The Indians of Guatemala, Peru, and Bolivia and the urban settlers of most Latin American countries must be counted among the "absolute poor" by any reasonable standard. The gap in incomes between the poor and the rich has not been reduced in many countries that have experienced rapid growth. The economic differences between more and less industrialized countries within the region probably will increase in the 1980s, as is likely in the rest of the world.

For the more industrialized developing countries, the main issues will be the terms of their access to U.S. commercial and financial markets. Their ability to grow economically depends strongly on their ability to export manufactured products to the United States. Their ability to repay loans from private financial institutions also depends on export revenues. In the absence of major new sources of energy, their continued dependence (excepting Mexico, Venezuela, Ecuador, and Argentina) on imported petroleum will limit their growth. One response to slower growth rates may be a heightening of the repression of opposition groups during the ensuing periods of austerity. Another may be delays in scheduled liberalizations of political regimes. The next five years, at least, will be difficult for the oil-importing, industrializing developing countries.

Increasing production of food, along with more processing of raw material exports, will be goals of the less industrialized countries of Latin America. They will continue to back international programs for stabilizing and increasing the prices of raw material and commodity exports (relative to exports of manufactured goods). A number of countries will require major debt reschedulings, not unlike those arranged for Peru and Jamaica in the last few years. In some countries, serious efforts will be made to reform economic and social structures through redistributive programs of various sorts, so that national resources can be used in a more efficient manner and problems of poverty can be attacked through industrialization and other programs. *It is in the interest of the United States to do whatever is possible to make these difficult changes easier.*

The Caribbean region, as discussed earlier, has been the source of much concern. Reasons are:

- ☐ The stark appearance of radical ideological and economic cleavages and the possibility of an epidemic of civil unrest;
- ☐ The growing problem of emigration;
- ☐ The perception of incoherence in recent U.S. policy;
- ☐ The increased number of independent "mini-states"; and
- ☐ The strong advocacy on the part of certain Caribbean governments of the New International Economic Order.

The Caribbean accounts for about 9 percent of U.S. overseas investments and receives more private and public loan monies per capita than any other region. Its debt problems are acute and growing. U.S. security interests in the region are substantial.

In a recent effort to improve relations with the Caribbean, U.S. ambassadorial personnel were upgraded. There has also been a commitment to increase economic aid to the region. However, official policy has focused too much on political maneuvering and not enough on the long-term economic and social problems of the region. *While Cuban intervention will have to be closely monitored, countering Cuban influence should not become the sole determinant of U.S. policies.*

Southeast Asia. Southeast Asia will be important to the United States in the 1980s for two main reasons. It will remain an area of great potential violence and suffering, and it will continue to be an area of rapid industrial growth. U.S. policy will be pursued in an environment of wars, emigration, and internal repression and will involve many dilemmas. For example, in Kampuchea, barring the emergence of a truly neutral independence movement, the United States will have to choose between Vietnamese domination and the reinstallation of the Khmer Rough (i.e., the Pol Pot forces whose earlier policies can be described as genocidal).

It is important to reiterate the point made earlier that the United States has a major interest in the outcome of the conflict in Kampuchea. Beyond humanitarian concerns, it has an interest in protecting its ally, Thailand, against the expansionist designs of neighboring countries. The United States cannot afford to let the outcome be determined solely by Vietnam, the Soviet Union, and the People's Republic of China. Thus this country probably will continue to provide humanitarian assistance to Laos and Kampuchea, along with more general assistance to Thailand.

The members of the Association of South East Asian Nations (ASEAN)—Thailand, the Philippines, Indonesia, Malaysia, and Singapore—together with the non-ASEAN countries of the Republic of Korea and Taiwan are undergoing great economic changes as a result of their efforts to industrialize. The role of foreign investments has been a major one, especially investments by Japanese and American firms. Korea has become a major steel producer and shipbuilder, Taiwan and Korea are major producers of consumer electronics, and many of the countries in the region have become exporters of clothing and shoes. In countries such as Taiwan and Korea, rapid economic growth has been accompanied by greater income equality, in marked contrast with the growth in inequality experienced in Latin America.

The relative economic success of Southeast Asian countries has led some to argue that the United States should align itself more closely with the non-socialist countries of the region and put them forward as models for other developing countries. This seems unwise for a number of reasons:

- ☐ Some of the governments in question are repressive and are not attractive models;
- ☐ There is a limit to how much other countries can imitate successfully the export orientation of Southeast Asian countries;
- ☐ The reduced levels of inequality in some countries were made possible partially by high levels of foreign aid from the United States; and
- ☐ The whole concept of models for development has come under attack in the developing world, where it is now believed that a diversity of conditions militates against uniformity in development strategies.

Closer alignment with Southeast Asian countries may still be desirable, however, given the expansionist tendencies of Vietnam and the Soviet Union. Such a policy would require the U.S. government to be more responsive to the economic demands of Southeast Asian countries, however, especially on the question of access to U.S. markets.

Some American unions have taken the position that the low wages paid to non-unionized workers in Southeast Asia (as well as in other parts of the developing world) give their producers an unfair advantage. It may be in the interest of the United States, accordingly, to support efforts in all developing countries to remove barriers to the formation of independent labor organizations. At the same time, the United States cannot ignore the possibility that some developing countries will have a comparative advantage in producing certain goods, no matter what the status of their labor unions.

Hyundai Shipyard in Ulsan City, Republic of Korea

Two countries with which America is already closely allied, the Republic of Korea and the Philippines, are likely to experience some domestic turmoil in the 1980s. Both have undergone a period of rapid industrialization (although Korea's industrial capacity is much greater than that of the Philippines) under the direction of authoritarian governments. The inability of these two countries to continue to grow at previous rates may impose severe strains on their political systems. The United States has a special stake in easing the transition of these two regimes to slower growth rates and less authoritarian governments.

The Middle East. As in the 1970s, the Middle East will be a major testing ground for American foreign policy. The United States has major economic and strategic interests in the area. Its oil is fundamental to the U.S. and the world economy. The proximity of the region to the Soviet Union, the precariousness of certain regimes, and the tensions among and within nations are conducive to conflicts between the superpowers. Historic and religious links bind America to the destiny of the Middle East. Recent events call for a rethinking of U.S. diplomatic strategy.

The future in Iran is more than usually uncertain. In the near term, the holding of the American hostages will impede the reestablishment of normal relations. Once the hostages are returned, the U.S. government should immediately endeavor to normalize relations. It should not try to effect a change in government, though it is probable that changes will take place eventually. These changes will not necessarily result in the establishment of a stable government friendly to the United States: they may merely lead to the fragmentation of Iran. As the war with Iraq has illustrated, such an eventuality would make it tempting for neighboring countries to invade and perhaps annex the fragments. *It is in the distinct interest of the United States to avoid the balkanization of Iran.*

Afghanistan has never been a foreign policy priority for the United States, but since the Soviet invasion it has become fundamentally important. The invasion was a startling manifestation of the Soviet Union's determination to control its borders. What further significance this event may hold for the Middle East is unknown. Forcing a Soviet withdrawal would probably be very difficult. What is essential is to ensure that the foreign policy of the United States does not encourage further Soviet incursions. This may best be achieved by combining military measures with improved relations with other countries in the region.

The United States has three main tasks in the region:

- ☐ To contain Soviet expansion;
- ☐ To assist the Arabs and Israelis to arrive at an equitable peace (so that Israel can be fully and at

long last integrated into the life of the Middle East); and

- ☐ To lessen U.S. dependence on imported petroleum.

The first point has already been discussed briefly. The last is discussed in the next chapter. Here the focus is on the Arab-Israeli conflict.

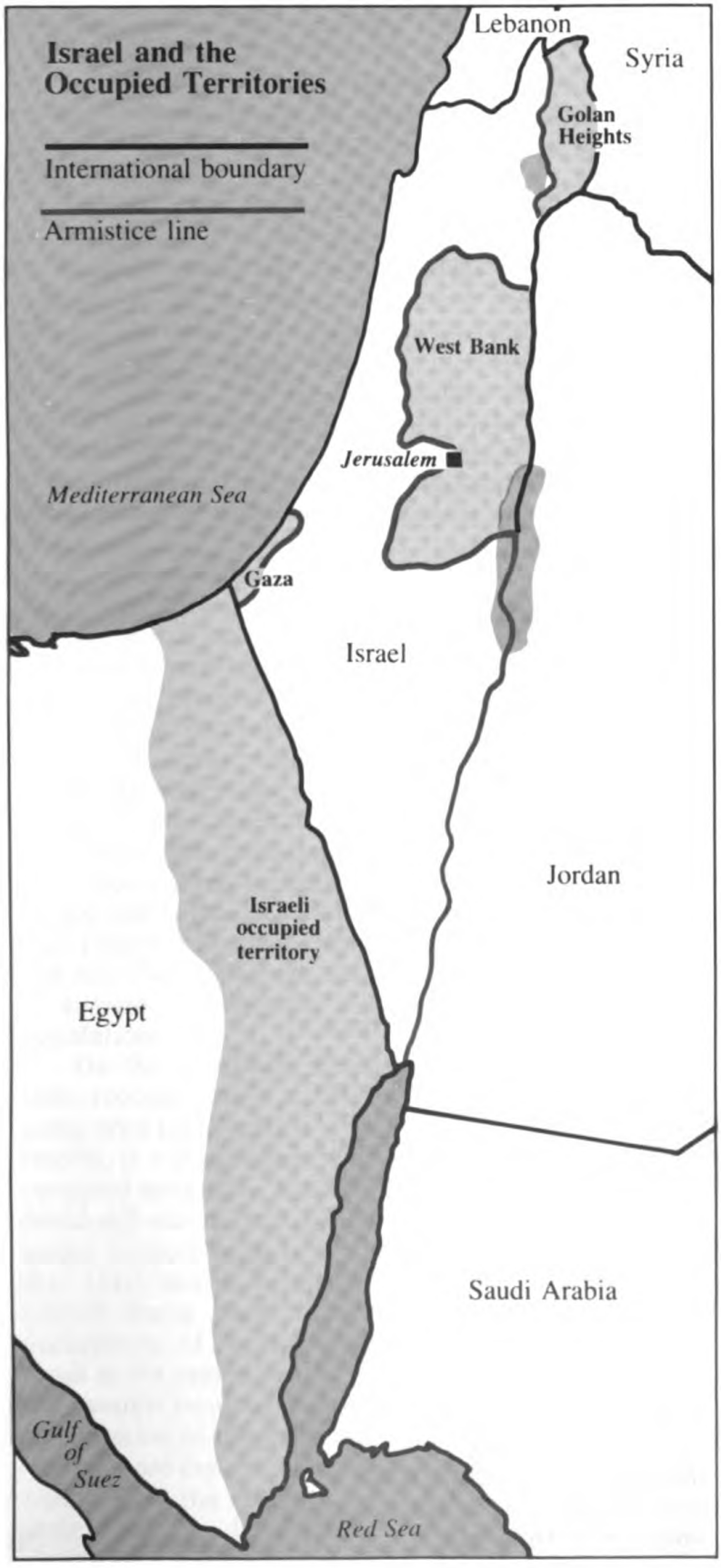
The Arab-Israeli conflict is a central element in Middle Eastern politics; it cannot be separated, strictly speaking, from the other conflicts in the region. If the United States is to achieve its other aims in the Middle East—such as assuring access to foreign sources of petroleum, responding intelligently to the resurgence of Islam, and countering the inroads of the Soviet Union—the Arab-Israeli dispute has to be addressed. The Camp David process, set in motion at the initiative of President Anwar Sadat of Egypt in 1977, is presently snagged on the issue of full autonomy for the West Bank and Gaza. The Camp David agreement calls for a five-year transitional period after the establishment of a self-governing authority in the West Bank and Gaza, during which the parties will decide on the final status of the territories occupied by Israel in 1967.

There are three possible scenarios for the Arab-Israeli conflict in the 1980s: 1) successful conclusion of the Camp David talks as currently constituted, 2) broadening of the peace talks to include a wider range of participants, and 3) failure of the talks and an increased likelihood of war. It will be necessary for the United States to consider the costs and benefits of each of these possibilities.

Successful conclusion of the Camp David process would be very desirable for Israel, the United States, and Egypt. Syria, Jordan, Saudi Arabia, and the representatives of the Palestinian Arabs, however, may be unhappy with the outcome. Syria wants to have the Golan Heights returned, an item that is not currently on the negotiating agenda. Jordan would prefer that the West Bank be returned to Jordanian rule and is uneasy about the possible establishment of an independent Palestinian state, given its previous experiences with the Palestine Liberation Organization (PLO). Saudi Arabia insists that Jerusalem come under Islamic governance. Most importantly, the Palestinian Arabs demand a "homeland" and foresee a need for assistance in resettling and developing that homeland. They have not, to date, wished to associate themselves in any manner with the Camp David process.

The combined opposition of these groups may prevent a successful conclusion of the talks. If the talks were to fail, the likelihood of another war would be greatly increased. Egypt might not feel compelled to return to the Arab fold, but would be unable to maintain its current position, which has been to argue that it has been acting in

The Middle East



the best interests of the Palestinians. Syria and Jordan would be the most likely military opponents of Israel in such a war.

Even in the absence of a war, however, the growing interdependence between Israel and the occupied territories will continue to fuel the smoldering resentments of both Israelis and Palestinian Arabs, in a situation not unlike that which existed between France and Algeria prior to the Algerian revolution. Palestinian Arabs already are becoming indispensable to the Israeli economy through their work as unskilled and semi-skilled laborers. Israeli Jewish settlers on the West Bank are becoming the rough equivalent of the French *pieds noirs* in Algeria. A policy of continued occupation is likely to provoke extremism on the Palestinian side and intransigence on the part of Israel. In the long run, only a tragic outcome can be expected.

A widening of the peace process, to include some of the currently excluded parties, might well involve consideration of a package with the following elements:

- ☐ Israel and the United States would formalize their existing security arrangements, perhaps in the form of a mutual security treaty. The amount of military assistance to Israel would increase; modern weapons would be made available to Israel on a timely basis. U.S. military personnel might be stationed on the West Bank as a further guarantee of Israeli security.

- ☐ West and East Jerusalem would become, respectively, Israeli and Arab political sectors within a unified, open city with religious control of and free access to holy shrines.

- ☐ The United States would offer to assist in arranging for a Palestinian homeland in confederation with Jordan and perhaps other countries. Foremost among U.S. contributions to such a goal would be financial assistance in relocating Israel's West Bank settlements back inside Israel; reestablishing Arab land claims in the area; hosting negotiations to determine the nature of the Palestinian government; and guaranteeing the security and fairness of elections.

- ☐ The United States would help develop a regional development plan. The initial focus would be on Egyptian development and establishment of a Palestinian entity in the West Bank and Gaza. Later, the reconstruction of Lebanon could be financed and regional development organizations (to include Israel) could be established.

This package would require extensive negotiations, including contact with representatives of the Palestinians. The United States should probably restrict its dealings initially, however, to non-PLO organizations. Once adequate progress toward a peaceful settlement has been made, the United States and Israel could accept the PLO as a negotiating partner.

In the nearer term, the United States may have to distance itself from Israeli policies toward the occupied territories, in particular its settlement policies. It might be preferable to channel economic assistance to Israel through the Agency for International Development, rather than through direct transfers to the Israeli government, as is currently the practice. Principally, the United States should try to discourage the growth in the number and size of settlements on the West Bank, even though a distancing of the United States from Israel may be interpreted by both Israeli and American publics as a more general disapproval of Israel.

The costs and risks of pursuing wider participation in the peace process are also likely to be substantial. Some will argue that an agreement consistent with the package suggested here is too biased against the interests of Israel. Israel might perceive that it was being asked, effectively, to abandon its current bargaining levers in exchange for shaky U.S. security guarantees. If the key actors in the Middle East maintain their positions of extreme hostility toward Israel subsequent to a settlement, Israel will be more vulnerable to military invasion than it has been since 1967. Some Arab countries may have nuclear armaments by the end of the decade. Finally, there is the fear that the Palestinians will align themselves with the Soviet Union and that Palestinian extremists will use the new homeland as a base for terrorist attacks on neighboring Israeli populations.

On the other side, it will be argued that if Israel obtains recognition as a state from all its Arab neighbors, along with participation in regional economic development efforts, it will have gained a great deal for its return of the occupied territories. Hostile powers such as Iraq and Syria could still attack through the Golan Heights, but, without major support from other Arab countries, it is not likely that their attack would be irresistible, especially if the United States were committed to assisting Israel. The deployment of nuclear weapons by an Arab power may result in the deployment of nuclear weapons by Israel, with the possible result of creating a local balance of terror. On the question of the Palestinians, it can be argued that they will be more dependent on Saudi Arabia than on the Soviet Union after the establishment of a homeland because of their need for development financing. In any case, it

is likely that a Palestinian government would take an independent stance. While Israeli fears of terrorist attacks from the Palestinian homeland are realistic, Israel is currently vulnerable to terrorist attacks from Lebanon and in the occupied territories themselves. It may be desirable to maintain some sort of Israeli military presence in the West Bank until it is clear that Palestinian authorities are committed to preventing terrorist attacks. On balance, the effect of a general peace will be to reduce the overall risk.

The debate over these questions in the United States and in Israel in the coming years is likely to be lively. The widening of the peace process is just one option which must be considered carefully by all concerned parties. It is possible that the Camp David process will lead to an acceptable settlement. In any case, the Arab-Israeli conflict is only one of the many which now contribute to instability in the region.

Regardless of the outcome of the debate over that conflict, the United States will also need to take measures to reduce its dependence on petroleum, while fostering better relations with a broader range of countries. One important element in U.S. policy in the region will be to recognize that the Middle East shares with the rest of the developing world some severe problems in the area of economic development and social change. If the United States puts itself on the side of peaceful change in the region, many of its other goals will be attainable.

Other Regions. While Latin America, Southeast Asia, and the Middle East have commanded the attention of the United States for decades, Africa has received only sporadic notice. In the 1970s, it did, however, reemerge as a region in which the major powers were competing for influence. The involvement of the powers in Angola and Mozambique, in the Horn of Africa, and in Zimbabwe and South Africa has made it difficult for the United States to maintain a low profile in the region. In addition, the United States has had to pay more attention to the activities of the three major African petroleum exporters—Algeria, Libya, and Nigeria.

The most visible issue in Subsaharan Africa in the 1980s is likely to be the future of apartheid in South Africa. With the installation of a black government in Zimbabwe, the attention of Subsaharan African countries will be focused entirely on South Africa. Nigeria has already linked the combatting of apartheid with access to its petroleum. Given Nigeria's development plans, however, it is not clear that it will actually reduce exports or production for this cause.

Within South Africa, blacks are beginning to organize more effective opposition groups. While the response of the South African government to requests that black

workers be allowed to unionize is a positive sign, there are many areas in which South African policies will continue to provoke negative reactions. One is the policy of restricting the residence of blacks either to isolated suburban tracts or to remote tribal compounds which are nominally independent of South African authority. There will be an active debate within the United States on what policy to pursue with respect to South Africa, and it is likely that the United States will be unable to maintain a neutral stance.

Closely related to the more general issue of apartheid in South Africa is the fate of Namibia, also known as South West Africa. South Africa was given responsibility for administering this territory after World War I. Because it extended apartheid to the territory, the U.N. General Assembly voted in 1966 to terminate South Africa's mandate there. The refusal of South Africa to withdraw led to the formation of an armed insurgency group called the South West Africa People's Organization (SWAPO).

The five Western members of the U.N. Security Council—Canada, France, the Federal Republic of Germany, the United Kingdom, and the United States—jointly launched an effort to negotiate an internationally acceptable solution to the problem in 1977. After more than three years, the negotiations have not produced a solution. The patience of other Subsaharan African countries is nearly exhausted. If there is no settlement soon, these countries will call for economic sanctions against South Africa in the United Nations.

The war between Somalia and Ethiopia has left an enormous legacy of suffering. As of July 1980, there were 743,000 refugees in camps in Somalia. Another 500,000 were estimated to be living in the Somali countryside. The United States has provided approximately $12 million in assistance and will probably continue to provide humanitarian aid. Underlying the suffering, however, is a political conflict that will probably persist through the 1980s.

After the death of Emperor Haile Selassie, relations between Ethiopia and the United States deteriorated rapidly. The Soviet Union allied itself with Ethiopia against its former ally, Somalia. The Somalis fought and lost a bitter war in the Ogaden region against Ethiopian troops, who were aided by Cuban troops and Soviet advisors. The presence of the Soviet Union in Ethiopia is troublesome, not only because of its implications for the access of the Soviet navy to the Persian Gulf, but also because it could lead to deeper involvement by the United States in what should be a regional dispute. Neither Somalia nor Ethiopia is better off because of the involvement of the major powers, and the Gulf is less secure. The foreign policy debate in this area will probably center around sales of

anti-aircraft weapons to Somalia to prevent Ethiopian air raids on refugee camps and the question of obtaining facilities for the U.S. military in Berbera to counter the Soviet presence in Ethiopia.

There are broader issues at stake in Africa and Asia. The two poorest regions in the world are Subsaharan Africa and South Asia. Although the countries of the Sahel are quite different from those of the Indian subcontinent, they share an inability to provide many of the essential needs of their populations. In the Sahel, a fragile ecosystem disturbed by overexploitation is one of the major causes of suffering. In Bangladesh, India, and Pakistan, poverty has more complex sources. In both regions, it is unlikely that major improvements in the lives of the poor will be attainable in the 1980s. *It is an imperative for the United States to develop policies both to increase the production of food and to control population growth.* In the long term, the United States can help with monetary and technical assistance. In the short term, however, it will have to continue providing a substantial amount of direct assistance to mitigate the effects of hunger and poverty.

One major change which could be useful would be to increase the size of domestic edible grain reserves in order to provide a buffer against future shortfalls in world production. Unfortunately, no one knows how to do this in a straightforward and politically non-controversial manner. There will always be questions of who is to own the reserves and who is to pay the costs of storage. Farmers in grain surplus countries fear that they will not receive the benefits of increased world grain prices if a large reserve exists.

At a minimum, the P.L. 480 food assistance program needs to be reformed in such a way as to prevent the events of the 1973-74 period, in which food aid dropped precipitously just as shortages of world grain production began to be felt. The International Development Cooperation Agency (IDCA) should be given authority to coordinate the administration of food aid across the various agencies which now administer the program. The powers of IDCA need to be increased. At present, it is merely an additional layer in the foreign assistance bureaucracy. For it to be able actually to coordinate the many programs in development assistance, as intended in the legislation drafted by the late Senator Hubert H. Humphrey, it must have broader powers.

Conclusion

The United States faces its most important challenges in East-West and West-South relations: the former because of the continued intense competition with the Soviet Union, and the latter because of the rapid changes going

on in the developing world and the growing desire of developing countries to change the rules of the international economic system. While it is necessary to be ready for crises that may arise in these areas, there is reason to believe that steadiness in East-West relations and a sympathetic and realistic assessment of the problems of developing countries will make it easier for the United States to deal with these challenges.

The allies of the United States in the industrial world can assist it in the above tasks, but it will have to initiate major efforts to improve the level of cooperation among the advanced industrial countries. The increased economic strength of certain countries will enable them to accept increased responsibility for the collective defense and of new forms of relationships with third parties.

In specific regions, the Arab-Israeli conflict will remain high on the agenda of the 1980s. If there is to be a peaceful settlement in the Middle East, U.S. policy will probably take one of the forms sketched above. In Latin America, the Caribbean, Southeast Asia, and the rest of the developing world, the United States will confront problems and opportunities resulting from rapid economic and political change. Poor countries will continue to require humanitarian assistance from the United States. The authoritarian forms of government that often accompany industrialization will pose difficult challenges to U.S. policy, requiring a willingness to accommodate economic demands while at the same time encouraging the liberalization and democratization of regimes.

Chapter 3

THE ECONOMIC FRAMEWORK: THE United States IN THE World Economy

The participation of the United States in the world economy is vital to preserving its standard of living and protecting its broader interests. The world economy is an *open* economy in the sense that goods, services, and investments can flow relatively unimpeded across the boundaries of major participating countries. *The increased openness of the world economy after World War II helped the industrial countries to attain an unprecedented level of prosperity. In the 1980s, the world economy will face several major challenges:*

- ☐ A continued questioning of the legitimacy of a system which, in the view of the poorer developing countries, has not been able to eradicate world poverty;
- ☐ A possible movement toward protectionism in the industrial countries as a response to increased competition from both other industrial countries and the newly-industrializing developing countries;
- ☐ Continued disorder in the world monetary system; and
- ☐ Constant or growing dependence of the industrial countries on imports of petroleum for energy needs.

An underlying problem will be the enormous dimensions of world poverty and a continuing, and possibly growing, gap between the income levels of rich and poor nations. Despite increased levels of world trade and more extensive flows of foreign investment, only the industrial countries (in this case, both capitalist and socialist) and a few rapidly growing developing countries have been able to sustain economies which provide almost all inhabitants with the basic necessities.

The World Bank estimated that, in 1980, about 800 million people were living in "absolute poverty"—having inadequate food, shelter, health care, and education. The majority of the absolute poor live in rural areas, with the

greatest concentrations in South Asia, Indonesia, and Subsaharan Africa. They also live in the squatter settlements which exist in almost every urban area in the developing world. The countries with the lowest average incomes have been growing at a slower pace than any other group, so growth by itself will not eliminate absolute poverty.

The growing gap within the developing countries between the OPEC and industrializing countries, on the one hand, and the poorer developing countries on the other, is also creating some difficulties for the world economy. The growth of the newly-industrializing developing countries is partly attributable to their success in penetrating the markets of industrial countries for labor-intensive goods, such as shoes, textiles, and consumer electronics. The growing convergence in incomes and technologies among the industrial countries has generated some overcapacity in basic industries, such as shipbuilding, automobiles, and steel (an overcapacity which is felt most strongly during periods of economic stagnation). Added to this are the problems imposed by adjustment to a higher world price of energy.

The industrial countries have benefited greatly from an open world economy and the interdependence which accompanies it. Some, however, have adopted economic strategies which capitalize on the ability of the government to structure the domestic economy to give private firms an edge. This is called "state-trading." One major issue in the 1980s will be how the United States should respond to it.

The world monetary system has changed dramatically in the past 10 years, with one of the most important changes being the shift in the period between 1971 and 1973 from a system of fixed exchange rates to one of floating rates. This shift has helped to eliminate the overvaluation of the dollar that existed earlier and has made it easier for U.S. firms to compete with foreign firms for export markets. However, it has also been accompanied by sharp swings in exchange rates that, at times, have been a source of concern.

Reducing dependence on imported petroleum as well as making the structural adjustments necessary for an era of higher energy prices are items that must be high on an agenda for the 1980s. There will be variety of proposals for alternative energy sources which use domestic resources: coal, shale oil, and nuclear. Some proposals will raise questions about the ability of the United States to become a major exporter of energy. A related issue will be the recycling of petroleum revenues.

Thus in the 1980s, the United States will face the challenge of designing creative policies to deal with global economic issues. As it will remain the largest politically-unified market in the world, despite some decline relative to others, it will be in a position to continue exercising economic leadership.

Urban Settlement in Rio de Janeiro, Brazil

The Relative Decline of the U.S. Economy

Events in the period between the two world wars exerted a powerful influence on the shape of the postwar international economy. The protectionist policies and competitive devaluations of currencies in the 1920s were a major cause of the Great Depression and, hence, of the rise of fascist regimes in Europe. At the close of World War II, it was the firm intention of the United States, the strongest economic power, to establish an international economic system in which goods, services, and investments could move freely. By fostering the creation of multilateral institutions and extending bilateral assistance, the United States largely achieved this goal. For the industrial nations at least, this policy was beneficial, ensuring hitherto unmatched growth and prosperity. Yet as other Western economies revived, competing not only in their own regional markets, but also in the U.S. and other international markets, this country began to experience a decline in its relative economic predominance. This relative decline was more the result of other countries' catching up to the United States in per capita income than of an absolute decline in production or productivity.

While the Gross Domestic Product (GDP) of the United States has grown steadily in real terms, as a percentage of total global GDP it declined steadily after 1950 (see page 4). Again, this decline reflects primarily the rapid recovery and growth of the economies of Europe and Japan. In 1950, for example, the Federal Republic of Germany's per capita Gross National Product (GNP) was 50 percent that of the United States; in 1952 Japan's was 18 percent (see Table 5). By 1965, these figures were 87 percent and 37 percent respectively; in 1977, they were 91 percent and 63 percent. Although in 1977 the GNP of the United States remained nearly twice as large as that of its nearest competitor, the Soviet Union (Table 6), in per capita terms quite a few of the industrial countries caught up with it or reduced the gap considerably.

Table 5

Per Capita Gross National Product (Constant 1976 dollars)

Country	1970	1975	1977
United States	7,029	7,566	8,188
Canada	6,712	8,021	8,391
France	5,324	6,239	6,728
Germany, F.R.	6,332	6,841	7,469
Japan	3,861	4,663	5,155
United Kingdom	3,573	3,861	3,976
USSR	3,147	3,630	3,835

Source: U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States,* U.S. Government Printing Office, Washington, D.C., 1979.

Country	1970	1975	1977
United States	985.8	1,537.0	1,874.4
Canada	97.8	172.8	206.2
France	185.0	312.1	376.9
Germany, F.R.	263.0	401.3	483.8
Japan	274.7	495.7	620.0
United Kingdom	135.7	205.2	234.9
USSR	523.2	875.1	1,047.9

Source: U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, U.S. Government Printing Office, Washington, D.C., 1979.

Table 6
Gross National Product (Billions of Constant 1976 dollars)

This decline in the size of the U.S. economy relative to that of other countries is, therefore, more a consequence of the success of earlier policies than a sign of potential weakness in the United States or the world economy.

The U.S. Stake in Interdependence

The open world economy has brought unprecedented growth to the United States, as to all economies of the West. From an average real growth rate of 2.9 percent in the years 1929-50, U.S. GNP grew at an average rate of 3.6 percent from 1950 to 1970, then slowed to an average of 3.2 percent between 1971 and 1978. Per capita disposable income (in constant 1972 dollars) nearly doubled between 1950 and 1978. Until 1971, the United States experienced a consistent surplus of exports over imports. Between 1950 and 1970, inflation never exceeded 7 percent.

Despite the onset of chronic stagflation in the past few years, the advantages of interdependence have been evident. However, to preserve an open international economy, the United States will have to bolster its economic competitiveness in the world economy. Internally, it must develop a coherent policy for controlling inflation, dealing with its energy needs, and reestablishing the competitiveness of its major industries. Internationally, the United States will have to renew its commitment to multilateral institutions and define a policy of better informal consultation and coordination with other nations.

Maintaining an Open Economy

Domestic economy. The U.S. economy confronts three difficult problems in the eighties: spiraling inflation, higher energy prices, and sluggish productivity. Unlike in the 1960s, when tradeoffs between unemployment and inflation could be made on a short-term basis because neither was uncomfortably high, in the 1970s both inflation and

unemployment were too high. The growth rate of productivity, historically rapid in the United States, was, even prior to the 1970s, surpassed by Japan and the Federal Republic of Germany. If these trends continue, the pressures to protect specific sectors of American industry from foreign competition may produce *ad hoc* responses which will undermine the openness of the world economy. In trying to promote competitiveness, the United States will be vying with virtually all the industrial countries, each of which has established strategies for doing the same thing. *The problem for the 1980s will be to reconcile the desire to protect jobs and market shares (and also the communities which depend upon these) with the imperative of maintaining an open world economy.*

It is clear that it would be impossible for the United States to emulate the much-vaunted Japanese form of industrial policy. To do so would require a very different system for allocating capital investments, a different government-business-labor relationship, and perhaps a different set of cultural institutions. Yet there are some lessons to be learned from the successes of Japan, as well as from those of other industrial countries. Increasing the level of investment and savings would be a desirable goal. Another would be to increase investment in human capital, particularly skilled workers and technical personnel, through training in the workplace and in institutions of higher education. The U.S. government can do much to create an environment in which the innovative capacity of American business and labor can be maximized. Finally, and probably most importantly, inflation must be brought under control so that the country can enjoy a period of disciplined growth.

An economic policy for the United States in the 1980s might include the following elements:

- ☐ Tax and other policies to promote savings and incentives to increase investment in plants and equipment which enhance labor productivity and use energy more efficiently;
- ☐ New export incentives;
- ☐ Additional funding and incentives for research and development in areas of great potential, e.g. computer software, industrial robots, and bio-engineering;
- ☐ Lightening the hand of government regulation of economic activity, while retaining regulations in the fields of health, worker safety, and the environment (see the report of the Panel on Government and the Regulation of Corporate and Individual Decisions);

- ☐ Adjustment assistance to help overcome resistance to needed changes in the structure of production and to facilitate retraining and relocation of workers displaced by these changes;
- ☐ Greater cooperation between government and the private sector (business and labor) in the formulation and implementation of public policies; and
- ☐ Mechanisms to prevent unfair trading practices internationally and to enforce international trade agreements.

While the government must recognize and analyze the effects of public policies on specific sectors of the economy, in general these policies should be framed mostly in aggregate terms. Government funds should be targeted to specific industries only as a last resort, and only on a temporary basis, where other government actions have hampered adjustments in the private sector and where there are good prospects for prompt recovery and repayment of loans.

The costs of adjusting to changes in the world economy should not be borne by those least capable of doing so. If these costs are not distributed fairly and equitably, then distressed communities will use the political system to block needed change. For this reason, *the entire system of adjustment assistance will have to be reexamined in the 1980s.*

The United States should use its bargaining power to convince other industrial countries to help maintain an open world economy. The Japanese, in particular, could do much more to ease the entry of U.S. products, especially of high technology items such as semiconductors. The Europeans have closed some of their markets to U.S. and Japanese goods. The agreements reached at the Multilateral Trade Negotiations are an excellent basis for dealing with these problems. The U.S. Trade Representative can remind major trading partners at strategic junctures of the advantages of maintaining access to U.S. markets when persuading them to honor the new agreements.

Reducing the rate of inflation must be a key objective for U.S. economic policy. It is not clear, however, how this is to be accomplished. Judging from the experience of other industrial countries, a combination of aggregate economic measures and greater cooperation between the government and the private sector will be needed to do the job. As long as world energy prices continue to increase in an unpredictable manner, and the United States continues to depend on the world market for a large portion of its energy consumption, the cost of the usual anti-inflationary fiscal and monetary policies will be too high in terms of low growth and unemployment. Thus, it may be necessary to obtain a broad social consensus on moderating wage demands until

the rate of productivity growth has increased. This sort of consensus can only be reached if there is greater cooperation between the government and the private sector.

Energy. Dependence on imports of foreign petroleum represents the greatest single potential threat to the U.S. economy. The United States is dependent on imports for about 40 percent of its oil consumption, compared with about 20 percent during the 1960s. America now accounts for about one-third of world oil demand outside the Communist bloc. It is generally agreed that domestic crude oil production will continue to decline during the 1980s, which would lead to a substantial increase in the U.S. demand for imported oil by the end of the decade. In view of the sharp increases in the price of OPEC oil, it is essential that the United States plan, without delay, for its energy future.

Whatever the long-term prospects for energy sources, *the United States must as rapidly as possible find some short-term solutions to the problem of dependence on foreign petroleum. The best way to do this is by increasing energy efficiency.* Despite the strides made by the United States in this area over the past several years, more can and should be done to alter the energy lifestyle that Americans adopted while oil was still inexpensive.

A number of steps should be considered. Decontrol of oil prices, accompanied by a windfall profits tax to be used in part to bring relief to those hardest hit, along with deregulation of natural gas, will have a direct, positive effect on conservation of energy. If proven to be technically feasible, the U.S. government should mandate that automobile manufacturers increase fuel efficiency in passenger vehicles beyond present targets. Additional incentives to insulate homes could serve as an impetus to homeowners to save fuel, reducing dramatically the total demand for energy. Similarly, the construction industry might be encouraged to erect more energy-efficient buildings through such techniques as the relaxation of local building codes which inhibit innovation in this area. The Energy Security Act's provision for payments to institutions furnishing below-market-rate loans for conservation improvements on residential and commercial buildings may be a step in the right direction.

Domestic energy policy must also include provisions for increasing production of alternative energy sources. The three main candidates for increased production in the next decade are coal, shale oil, and nuclear energy. Coal and shale oil have an advantage over nuclear energy in being potentially convertible into liquid fuels. All three pose major questions about environmental hazards and safety. There is likely to be a vigorous public debate over the allocation of public funds in this area. Some argue, for example, that it is not necessary to subsidize synthetic fuel

production, as proposed by the Carter administration. Others oppose the development of new nuclear power plants. Some consider coal to be dangerous because of its effects on the environment and the hazards of mining it. Whatever combination of alternative sources is finally agreed upon, there must be an active attempt to build a consensus so that domestic production levels will increase steadily over the next decade.

Renewable energy sources may hold more promise than any other over the long run. Therefore, in addition to incentives to promote conservation, further encouragement should be provided for research into passive solar designs as well as for biomass and other techniques for converting solar energy. However, renewable energy is unlikely to make an important contribution toward reducing oil dependence in the 1980s.

Cooperation in a Multilateral Framework

In the immediate postwar period, the United States was the driving force behind the establishment of a number of international organizations that deal with political and functional aspects of world relations. These institutions have been central to maintaining stability and order in the international system. Yet, to a great extent, the circumstances which held sway at the end of the war have changed, and these same organizations have had to learn to deal with problems not initially in their purview.

The International Bank for Reconstruction and Development (commonly called the World Bank) and the International Monetary Fund (IMF) were created at Bretton Woods, New Hampshire, in 1946. The World Bank initially dealt with the problems of the ravaged economies of postwar Europe. As this task neared its completion in the closing years of the 1950s, the Bank shifted its focus to the developing world.

The World Bank has been relatively successful in addressing the needs of the Third World. It provides the statistical analyses needed to assess the economic problems of individual nations. It has funded many helpful projects, most recently directing its attention to the fundamental questions of basic needs and appropriate technology. The World Bank will probably be active in financing projects for the development of alternative energy sources in the Third World during the 1980s.

The International Monetary Fund was originally established to facilitate balance of payments adjustments in an international monetary system based on fixed currency exchange rates. This role has continued under the floating rate system. The size and duration of IMF loans have increased in recent years, however, as a result of the tremendous rise in the cost of petroleum imports. In fulfilling

its role, the IMF has effectively been a country-risk screening agency. Its ability to impose conditionality on loans makes it a disciplinarian of governments in a way no private lending institution could hope to be.

However, as a disciplinarian, the IMF has become the target of criticism from deficit countries which have had to adopt highly restrictive domestic policies to satisfy the IMF Board of Governors. The IMF will need to provide loans with longer maturities than in the past to give countries adequate time to accomplish needed adjustments. Still, some ultimate source of discipline should be retained. The U.S. government should provide its share for a needed enhancement of IMF resources so that that organization can continue to play its vital role.

OPEC surpluses pose a severe challenge for the 1980s, as commercial banks may not be able to handle the full amount of their recycling to all needy countries as in the 1974-78 period. International loan portfolios already comprise a substantial percentage of total loans. The more industrialized developing nations—especially Mexico, the Republic of Korea, Brazil, the Philippines, and a few others—account for a large proportion of international loans. Given the position of the commercial banks, *a new facility might be set up within the World Bank to accommodate petrocurrency recycling and provide 10- to 20-year program lending to seriously affected developing nations.* The OPEC countries should participate in this program and, together with the industrial countries, negotiate some arrangement for subsidizing the interest payments of developing country borrowers.

The General Agreement on Tariffs and Trade (GATT) has proven fairly effective in promoting tariff reductions by its members. Unfortunately, countries have found many ways of skirting its regulations. The attempt to take a closer look at non-tariff barriers at the recently completed Multilateral Trade Negotiations produced an agreement which is yet to be tested in practice. The new agreement on government procurement practices, for example, will help U.S. trade negotiators gain access to previously closed foreign markets for U.S. manufacturers. Avoiding protectionism domestically is the best way for the United States to further the work of the GATT. It can do so by working with other countries to develop effective methods to ensure that trade agreements are honored.

Clearly, one of the most pressing concerns shared by the United States and its allies is the avoidance of shocks to the world economy such as those caused by shifts in the markets for international energy. The International Energy Agency (IEA), established in 1974, has formulated proposals for sharing petroleum in case of sudden cutbacks in supply, as well as for research in alternative

energy sources. More recently, the IEA has established a target for total OECD oil imports in 1985, first setting it at 26 million barrels per day (mbd) and later revising the target downward to 22 mbd. The IEA has a review mechanism to evaluate the energy policies of all member countries. *The U.S. government should make further efforts to increase the extent of the dialogue and cooperation with the other members of the International Energy Agency.*

The United States should continue to support efforts on the part of developing countries to form regional economic development institutions. The regional economic commissions of the United Nations, the regional development banks, and the various common markets and free trade associations can all help to improve the prospects for growth in the developing world. Association agreements between developing regions and specific industrial countries or regions should be expanded to allow industrial countries that want to participate to do so.

Some special agencies of the United Nations are deserving of greater U.S. support. The FAO's regional food programs, the International Fund for Agricultural Development, and the Institute for Scientific and Technological Cooperation are all likely to provide the developing world with valuable services which are consistent with the aims of the U.S. government.

A New Agenda for North-South Relations

The partial embargo of petroleum exports by the Arab oil exporting countries during the Arab-Israeli war of 1973 and the subsequent fourfold increase in the price of oil sent shock waves through the world economy. One of the most surprising effects, for the West, was the praise the OPEC countries received from the other developing countries. The willingness of some OPEC countries to use their newly-gained economic strength to buttress the demands of developing countries for changes in the rules of the international economic system was surely a major factor in this. The ensuing debate over the "New International Economic Order" became a matter of high political concern in the mid-1970s. The New International Economic Order will continue to be high on the agenda of developing countries in the 1980s and therefore will have to be addressed by U.S. policy.

In the face of different perspectives of the developing and industrialized countries on the origins of underdevelopment, it has been difficult to negotiate substantive agreements. While the two agreed to establish a Common Fund to finance individually-negotiated international commodity agreements, the level of funding is not yet high enough for this agreement to make much difference in world commodity markets. The developing countries were by and large ignored in the recent Multilateral Trade Negotiations. Although

the world monetary system has been modified somewhat to deal with the financing of deficits caused by the initial round of increases in petroleum prices, those deficits caused by the 1979-80 price hikes have yet to be dealt with.

Several problems will require immediate attention. The IMF estimates that the balance of payments deficit for all non-oil-exporting developing countries will be approximately $70 billion in 1980 and as much as $80 billion in 1981. The total external debt (public and private) of developing countries increased from $64 billion in 1971 to approximately $325 billion in 1980. Major oil-importing developing countries, mainly the more industrialized ones such as Brazil, the Philippines, and Taiwan, have been struggling to maintain the level of imports necessary to sustain the growth of their economies without cutting back on new industrial projects or imposing inordinate demands on consumers. In order to finance imports in the 1974-78 period, many industrializing developing countries borrowed heavily from private financial institutions.

Because some countries have reached a level of borrowing beyond which it is difficult for private banks to continue to lend, there will necessarily be pressure on international financial institutions to lend to these countries. The private banks do not oppose this, but because the loans from these institutions are ultimately loans from the taxpayers of industrial countries (and increasingly from OPEC countries), there may be some political controversy over the costs and risks involved.

The United States and other industrial countries will have to consult with the OPEC countries about how to channel more funds to the developing countries through international financial institutions. The United States currently maintains that the IMF should be used mainly to finance current account deficits, while the World Bank should be limited primarily to project lending. This policy will bring the United States into conflict with those developing countries that avoid using the IMF because of its conditionality provisions. There will be additional pressure on the United States and other industrial countries to support increased program lending and balance of payments financing by the World Bank.

Direct loans from OPEC countries to certain developing countries will increase. These loans in the past took the following form: the OPEC country agreed to sell the oil-importing developing country a certain amount of oil at world prices, but set aside a portion of the proceeds of the sale in the form of a fund from which the importing country could borrow. The United States has an interest in assuring that this sort of lending is not the sole form of OPEC participation in the next round of recycling. *Whatever policies are adopted, petrocurrency recycling will be*

more difficult than it was in the 1970s. It is and will continue to be a pressing problem in the 1980s.

Because of the rising cost of imported oil, the oil-importing developing countries will need to increase domestic production of energy and the efficiency of energy use. Investments in renewable energy sources may make more sense in the developing world in the short and medium term than they do in the industrial countries. *All energy consumers have a common interest in reducing their dependence on petroleum in the next decade. This common interest can and should become a basis for increased cooperation between North and South.*

A third problem of great importance for the 1980s is that of worsening food deficits in certain regions of the developing world. In Africa, for example, according to the U.S. Department of Agriculture, per capita food production will actually decline in the next decade. In Latin America, per capita food production is currently lower than it was in 1961-65. In a number of OPEC countries, dependence on food imports increased directly with increases in the growth rate of the GNP. *There seems to be a tendency within many developing countries for food consumption to rise more rapidly than food production, a tendency which goes beyond the growth in demand brought about purely by population expansion.*

The United States should consider increased participation in the FAO regional food plans and in special programs such as the Africa Infrastructure Decade. The World Bank has engaged in a new series of project loans in agricultural production which will require U.S. support. In the previous chapter, the issue of international edible grain reserves was raised, as was that of reform of the P.L. 480 food assistance program. While none of these efforts will do much good unless developing countries match them with internal policies, there is no question that the United States has an important stake in acting to mitigate the problems of poor, food-deficit countries.

No less important, but perhaps less urgent, are the issues which remain on the North-South negotiating agenda. These include:

- ☐ The level of funding for the Common Fund and its relationship to individual commodity arrangements;
- ☐ The codes of conduct for multinational enterprises operating in developing countries;
- ☐ Assuring access of developing countries to the commercial markets of industrial countries; and
- ☐ The decisionmaking power of developing countries within international organizations.

The current low level of funding of the Common Fund will probably result in calls from the developing countries

for more funds. While it is not in the interest of the United States to encourage an increase in the real prices of commodities and raw materials, the Common Fund and the Integrated Program for Commodities may introduce greater stability into international commodity markets, so that investments and production will be increased.

While there may not be as much conflict between developing countries and multinational corporations in the 1980s as there was in the 1970s, it may be useful to codify a set of voluntary guidelines for relations between corporations and governments. At the end of the Conference on International Economic Cooperation in June of 1977, a number of interesting proposals were raised which might be taken up again in the next round of negotiations.

The issue of access to markets is closely linked with the problem of petrocurrency recycling. In the absence of increased flows of aid and foreign investment, the only way that developing countries can repay their loans to banks and international financial institutions is by increasing their exports to industrial countries. This means that efforts by the United States to maintain an open world economy not only will improve the competitiveness of U.S. firms, but also will ensure the stability of the international monetary system.

Finally, the developing countries will continue to call for increased voting power and participation in international organizations which touch upon international economic matters. They will continue to try to shift negotiations into fora which give them greater say, such as the U.N. Conference on Trade and Development instead of the General Agreement on Tariffs and Trade, or the U.N. Committee of the Whole instead of the U.N. Economic and Social Council. The U.S. response to these demands will probably have to be negative. As long as substantive negotiations on specific proposals are held in appropriate settings, however, there is no reason for the United States to oppose others for broader discussions.

While it should be clear that the main responsibility for dealing with the problems of development rests with the governments of the developing countries themselves, it is in the long-term interests of the United States to facilitate whatever positive steps are taken. The agenda of North-South relations shifted dramatically in the past 10 years. In the next decade, the issues of recycling, energy, and food will displace to some extent the issues in the 1970s of aid and trade. U.S. policy should be focused on enhancing cooperation in areas of common interest. The shift in the agenda, because it has moved the discussions into areas of common interest, may make it easier for the United States to pursue a cooperative strategy.

Chapter 4

THE DEFENSE FRAMEWORK: National Security Requirements FOR THE EIGHTIES

In deciding upon the size and structure of U.S. military forces for the coming decade, it is important that some consensus be reached about the likelihood that armed conflict in the next 10 years will involve the United States and that some conception be formulated of what that conflict might entail. It is not enough merely to debate the percentage increases that should be made to the budget of the Department of Defense. An undue concentration on the size of the U.S. defense budget alone obscures the fact that the size and structure of U.S. military forces are inevitably governed by world political events and the assumptions that can be made about the relative stability of the world in the 1980s.

Thus, it is beyond the scope of this report to recommend specific spending patterns or weapons systems that might best fulfill America's defense requirements for the coming decade. Informed commentators can argue convincingly either that the United States is best served by a modest increase in defense spending or that more drastic steps need to be taken in order to preserve U.S. interests throughout the globe. *Instead, it may be more useful to explore some of the fundamental doctrinal standards that should govern the allocation of defense resources—at whatever level—and to sketch, in very broad terms, the likely geopolitical environment to which future defense decisionmaking must respond.*

The need to premise military deployments on the basis of political considerations is often lost sight of in the national debate over how much of our economic resources should be allocated to the military. Our interests worldwide and the expectations of a number of countries that depend on U.S. involvement throughout the globe require that we maintain a military alternative in the event that circumstances necessitate its use. How we use the defense budget—what priorities we designate and what programs we choose to emphasize—is a critical factor in determining whether the United States will be able to employ its military forces in an effective, responsible, and efficient manner.

The emphasis placed on the overall budget figures for the Department of Defense and the tendency to isolate specific programs and weapons systems for critical review tends to obscure the interdependent nature of most military missions. *It is imperative when considering a new weapons system or a new departure in defense strategy that the total operational costs, including support facilities, equipment, and trained personnel, be considered before deciding upon the suitability of a new program.*

The tendency to think of defense requirements in overly simplistic terms is a characteristic that is widely shared. Even the Pentagon is occasionally tempted to define future military needs according to calculations of what American military power can do, rather than on the basis of what it may actually be called upon to do. Thus, for years, the operative general principle governing overall U.S. forces has been that they should be sufficient to wage a major conflict in Europe at the same time that they can deal with a minor crisis in some other area of the world.

This type of reasoning is inadequate in that it ignores the possibility that the real-life exigencies of the eighties may instead require that the United States cope with multiple individual crises of a relatively minor scale, or that U.S. forces may be engaged in a major conflict at the same time that more than one minor incident arises requiring a U.S. response. Further, the organization and deployment of U.S. military forces will be quite different depending upon whether one anticipates a major and a minor conflict, or whether one foresees some other combination of events leading to military involvement by this country. The fact that the Carter Administration decided to develop the Rapid Deployment Forces for use in dealing with or forestalling minor conflicts seems to suggest that the United States cannot now participate effectively—outside Western Europe—in the sort of localized conflicts that the military currently foresee.

The Soviet Challenge

Our principal potential antagonist in the world is the Soviet Union. That is very likely to remain the case for the next 10 years and beyond into the foreseeable future. *We need to have a sufficient military capacity to deter the Soviet leadership from the temptation to use its strategic forces—either directly or as instruments of intimidation—against the United States and our allies. We also need to have enough general purpose forces to engage the Soviet military directly in the event that hostilities in some part of the world lead to a direct confrontation between the two nuclear superpowers.*

How much of our military forces should be devoted to the perceived Soviet threat—and how extensive those forces

should be—is a matter of some considerable debate. It is clear, however, that the United States does not need, nor would it be able to use effectively, a military structure that is a mirror image of the Soviet Union's. Our two nations have very different requirements in terms of national security. They have different geographies, dictating different deployment levels and differing types of military missions, and they have very different alliance relationships. It may be disturbing and uncomfortable to us that the USSR should lead in certain aspects of the military balance, but we can adapt to changes in the overall force levels of the two countries so long as we possess adequate military power to fulfill the requirements that we believe are important.

The prospect of a direct military confrontation in the next 10 years between the United States and the Soviet Union is a military contingency for which the United States must be prepared. There are many constraints on the initiation of actual military hostilities between the two nations, but because such an event could be so disastrous, it is imperative that the United States be strong enough to deter any possibility of a direct engagement. *That requirement demands that we have sufficient forces to protect our vital interests and those of our allies against the threat of Soviet intervention, and that we be perceived in the world as having a military structure that is at least the equivalent of the USSR's.* Other nations occasionally react in accordance with their impression of the relative balance of power between the United States and the Soviet Union, and we cannot afford the increased leverage that such an impression of overall military superiority could lend to the Soviet position in the world.

Military force is, of course, only one means of securing our interests in the world, and its use is often accompanied by other, undesirable developments that create additional problems in terms of managing overall relations with other states. Thus, in terms of the Soviet experience, the invasion of Afghanistan may have realized the immediate objectives of the Soviet military, but it has also undoubtedly exacted a price in terms of the USSR's standing in the Moslem world and its image throughout the remainder of the globe. It is in other areas of competition with the Soviet Union that America retains a decisive advantage. *The United States needs to be able to respond in a military fashion should that become necessary, but we should not undervalue the strength of our economic capacity (as compared to the Soviet Union's), our ability to exploit new technologies and lead in their development, and the general resilience and adaptability of a democratic form of government as contributing to the preservation of vital U.S. interests throughout the world.* These aspects of U.S. leadership serve to make the United States a more persuasive

and continuing model for the developing world to follow, in striking contrast to the general irrelevance of the Soviet historical experience.

Other Possible Military Contingencies

It is always difficult to attempt to predict where regional conflicts may occur in the future. It is even more difficult to anticipate where and how U.S. forces may ultimately come to be used. *Trouble spots often arise in unforeseen locations, and it is better to emphasize flexibility and adaptability for U.S. military forces than to plan for engagements with a specific locale in mind.* Some parts of the world, of course, are demonstrably more important to the United States than others, and it is prudent to structure our forces so that they can perform well in these environments. We must be able, however, to react militarily—when such reaction is called for—wherever U.S. vital interests are threatened.

To do so, we need more than a defense establishment that is capable of responding to military contingencies in a timely and effective manner. We must also have a clear conception of what our vital interests consist of and the circumstances in which we would decide to commit U.S. troops to battle. *At best, military operations can only serve to protect the national interest when all other avenues of mediation and diplomacy have failed.* Because the decision is ordinarily a momentous one, carrying with it enormous consequences both for the United States and for other nations, we must have a clear conception of the sort of situations that the United States could not reasonably tolerate and that would require the use of force.

We do not now have a common vision of when conventional military action is called for. This may be one reason why so much of the current debate about national defense has centered upon U.S. strategic forces. The United States operates on the basis of a highly-developed strategic doctrine that has, on the whole, served this nation well and for which there is an influential, though eroding, constituency. There is, however, no similar doctrine governing the use of conventional forces, and attempts to formulate one have been infrequent and unsatisfactory.

The use of U.S. general purpose forces to advance or protect explicit and fundamental national priorities should be governed by the following considerations:

- ☐ There should be no possibility of obtaining a satisfactory solution through conventional diplomacy or by other means.
- ☐ The damage that will result to the United States by non-intervention should outweigh the costs and liabilities that may result from the use of force.

- ☐ The specific interests to be advanced or secured through military action must be real; that is, considerations of national pride or status alone are not sufficient cause for the application of force.
- ☐ There should be a reasonable expectation that resort to military power will result in a successful outcome.
- ☐ There should exist a general domestic consensus within the United States that the use of force in a particular situation is necessary and appropriate.
- ☐ The degree of force applied should be appropriate to the gravity of the threat faced.

Needless to say, there are certain values and interests that the United States cannot afford to forego and in defense of which America must be prepared to engage in combat whatever the consequences may be. In addition, there is a wide range of foreseeable contingencies for which military action might be justified, and there are situations in which the threat of a military response alone would be sufficient to forestall actual hostilities. Although the exact conditions under which the United States would decide to use its troops in battle are impossible to predict, certain significant developments would clearly require that the United States consider in a very serious manner the deployment of its military forces:

- ☐ If the United States itself were invaded, or if the territory of any of its possessions were violated, that would present the clearest justification for the use of force.
- ☐ If certain nations with key historical, cultural, or commercial ties to the United States (such as the countries of Western Europe, Japan, Australia and New Zealand, the Republic of Korea, and the principal states of the Western Hemisphere) were threatened by the imminent invasion of a hostile military force, that alone would be sufficent grounds for intervention by the United States.
- ☐ If another nation were threatened by external military forces and that nation were important to the United States because of its economic, military, or general geopolitical relationship with this country, then the United States should consider intervention, but only if the interests to be protected are substantial and, ideally, only if the actual military engagement can be carried out in a relatively discrete and time-limited fashion.
- ☐ If political control in a nation that is important to the United States were endangered by internal subversion which clearly does not represent the popular

will, the United States might find it necessary to intervene, but only to protect its immediate interests and only if it were clear that U.S. involvement would not negatively complicate an already difficult situation.

- ☐ If it were clear that the access of the United States to critical and irreplaceable natural resources (including fossil fuels) were to be interrupted for a significant period of time, that possibility should be dealt with by force if force could successfully restore U.S. access and if the deprivation created by non-access would significantly impair the quality of life in the United States.
- ☐ If the United States were to be in imminent danger of losing its ability to conduct operations in any part of international waters, force may be necessary and proper to restore freedom of the seas.
- ☐ In other situations, it may be permissible to deploy small, highly-mobile commando-style units either to recapture and return to the United States sensitive military or intelligence equipment or U.S. military or civilian personnel, or to deal with isolated incidents of very great danger to the entire world (neutralization of a privately-held atomic device, for example).
- ☐ Finally, there may be certain other circumstances in which the use of force will be indicated, but any decision to commit U.S. troops to combat should only be made if all the conditions listed on pages 74-75 of this report are present.

These considerations should serve as a general guide for deciding when force may be acceptable as an instrument of national policy, but they should not, of course, constitute a publicly-declared policy.

While it is to be hoped that the United States will live out the next decade without ever having to commit its troops abroad, it is important that we maintain a defense structure that is able to respond to foreign developments if it must. *The resources that we commit to defense and the structure and operation of our military programs must flow from the conception we hold of what the world will look like for the next 10 years and what the U.S. stake is in containing and directing the evolution of world affairs.* We should not hesitate to use military force when it is clearly required, but we need to know—and we need to let others know—when those requirements are likely to arise. Threatening a military response when it is not appropriate, or when there is no real intention to follow through, is not only an unwise application of American power, it also

detracts from the legitimacy of those instances when resort to forceful action is a proper exercise of the U.S. role in the modern world.

Strategic Nuclear Forces

The debate on the SALT II Treaty and widespread domestic concern over the nature and intentions of Soviet strategic deployments during the past 15 years have served to concentrate much attention recently on the status and viability of U.S. strategic nuclear forces. In some ways, this preoccupation with the nuclear element of U.S. defense has been unfortunate because *it is in the field of strategic deterrence that the United States is strong enough to execute the defense mission assigned to its armed forces.* Strategic weapons, by their very nature, are also not useful for carrying out a variety of defense missions, as are the general purpose forces. The United States needs to focus its attention on the condition of its conventional force structure and its military personnel requirements, matters which have generally been relegated to a secondary level of importance in the overall public debate.

Nuclear weapons are not merely large-scale variants of conventional explosive devices. Their use in warfare entails such great destruction that entirely new doctrinal standards have been evolved to govern their deployment and potential use. Thus, the foundation of U.S. strategic nuclear policy is the concept of assured deterrence. The United States must maintain a reliable and survivable strategic force adequate to inflict an unacceptably high level of destruction on any nation that should use nuclear weapons against us. In this way, the prospect of an actual conflict arising in which nuclear weapons are in fact used is minimized.

In order successfully to deter an outbreak of nuclear war, the United States must have a strategic deterrent that is in fact, and is perceived to be, able to survive a first use of nuclear weapons in sufficient numbers to present a credible threat of devastating reprisal. Technological developments, however, continue to cast some doubt on the ability of both sides' nuclear weapons to perform to their fullest theoretical capacity. Breakthroughs in anti-submarine warfare may complicate the survivability of sea-based nuclear forces, improvements in radar detection devices and in air-to-surface missiles may threaten the airborne leg of the strategic triad, and the deployment of anti-satellite weapons and laser devices may call into question our early warning systems and military communications facilities. Most importantly, however, *advances in missile accuracy and warhead explosive power seem certain to end the predominant position that fixed-site, land-based missiles have traditionally enjoyed in the nuclear hierarchy.*

The United States has undertaken a number of new programs intended to deal with the problems posed to its strategic forces by advances in weapons technology. First, the Trident nuclear submarine fleet represents a substantial improvement in basic submarine technology that will virtually guarantee the continued reliability of our sea-based nuclear forces through the end of the century. Second, the United States has embarked on an ambitious program of fitting nuclear-capable cruise missiles to a variety of weapons platforms, most notably a large portion of the B-52 bomber force. Finally, the Carter Administration decided to proceed with the full-scale development and deployment of a new and mobile land-based missile to succeed the Minuteman force, a mainstay of the U.S. strategic arsenal for nearly two decades. This missile, presently known as the MX, has inspired a great deal of controversy, and its design and the wisdom of deploying it merit closer consideration.

All U.S. land-based missiles that cannot be moved or otherwise successfully hidden will soon become vulnerable to a Soviet pre-emptive nuclear barrage. The significance of this development is that the United States will have to rely upon its submarine-based missiles and upon the weapons on board its strategic aircraft in order to execute whatever strategic nuclear response is called for. This would be a matter of great and overriding concern if there were any reason to believe that these remaining weapons were insufficient or unsuitable for inflicting a nuclear response upon an aggressor. That does not, however, happen to be the case. The United States currently has nearly 10,000 individual strategic nuclear warheads in its active inventory, and this total is projected to increase in the next few years. Moreover, the remaining launch platforms are sufficiently numerous and adequately survivable so that even if a significant portion of these forces were destroyed, the United States would still be able to render the Soviet Union, or any other nuclear aggressor, incapable of surviving as a functioning society.

So long as we may be reasonably confident that new technologies will not suddenly render submarines or aircraft unsuitable for nuclear warfare, and so long as we continue to maintain a healthy margin of nuclear delivery systems above the minimum number necessary for an assured and punishing response, then the U.S. need not be overly concerned by the fact that our land-based strategic missiles, as well as those belonging to the Soviet Union, have finally become outmoded pieces of nuclear technology. Our strategic doctrine should be flexible enough to respond to this transition. Instead, however, it appears that the United States may be embarked upon an effort to revitalize its land-based strategic nuclear forces, at considerable cost

Nuclear Attack Submarine *Baton Rouge* Cruising Near Newport News, Va.

and with no assurance that the final result will really add to its overall nuclear capabilities. It would be ideal if the United States could continue the triple redundancy of its strategic delivery systems, but *in an era when weapons development and acquisition costs have escalated precipitously, it would be prudent to reexamine the decision to deploy the MX missile, particularly since the funds allotted for its deployment could be used with great effectiveness in expanding the capabilities of U.S. conventional forces.*

This is not to say that there is reason for complacency with regard to U.S. strategic weapons. The United States needs to improve the capability of its strategic nuclear arsenal, and a number of important programs are already underway. In particular, *greater attention needs to be given to the problems of effective command and control in a nuclear environment,* especially as they relate to communication with submerged submarines. The *United States might also decide to increase generally the total number of its strategic nuclear delivery systems so as to maintain rough equality with the totals deployed by the Soviet Union.* Finally, *it would be advisable to begin work soon on the development of a new, long-range bomber to replace the B-52 force during the 1990s.*

The General Purpose Forces

The significant factors that have contributed to the increased complexity of planning and operating a modern military establishment can be grouped into several categories:

- ☐ The USSR, for most of its history a nation largely unable to project its conventional forces very far beyond its own borders, emerged during the 1970s as a global military power.
- ☐ Rapid technological change has transformed the nature and capabilities of modern weapons systems and has contributed to steep and continuing increases in development and acquisition costs.
- ☐ The United States no longer operates a military system that can depend upon conscription to fulfill its personnel requirements.
- ☐ U.S. alliance relationships have undergone a sweeping transformation that has complicated the management and use of U.S. military forces overseas.

The nature of the Soviet military challenge has already been considered, but it is worth emphasizing the fact that, *in addition to improving its strategic forces across the board, the USSR has also made rapid and dramatic advances in the quality and number of its general purpose military*

forces. The Soviet navy, formerly oriented primarily to coastal defense, has now achieved a truly "blue water" capacity. Soviet land forces have been systematically strengthened during the past 15 years with very sophisticated equipment, and an integrated defense structure has been built among the members of the Warsaw Pact. The Soviet air force has been expanded with the introduction of high-performance aircraft of improved design characteristics. The USSR has developed and is currently deploying a new generation of theater nuclear weapons that represent a quantum improvement in its capabilities in that area.

We need to be aware of these developments and react accordingly. *There is nothing that the United States could have done to prevent the USSR from becoming a major military force in world affairs,* as much as we may dislike this development and as much as it complicates our own military planning. We continue to have a sizable and highly capable military force of our own. The trends are disturbing, however, and we must be prepared to take whatever action may be necessary in the future to safeguard our essential defense interests.

One of the difficulties of calculating the potential threat posed to us by the Soviet military expansion is the fact that our two nations have chosen, for a variety of reasons, to structure their defense establishments in very different ways. Each nation has different areas of strength and weakness; each has decided to emphasize different priorities. *Perhaps the most important advantage that the United States currently holds over the Soviet military is the technical superiority of most of our important weapons systems.* This vital factor is perhaps the key determinant that will enable the U.S. military to outperform foreign military forces, and it is an advantage that the United States cannot allow to diminish.

Scientific advances in electronics, fire control systems, adverse weather penetration, computer usage, and armor plating have revolutionized the modern battlefield. While U.S. forces are far more effective in conducting operations today than was true only a few years ago, the reliance of the military on high technology has not been without its own costs. The price for developing and deploying a major new weapons system is today, on the average, several times what it was for a comparable system only 10 years ago. In some instances, the increased acquisition costs have paid off in substantially improved combat effectiveness. This has been true, for example, with precision-guided munitions. In other instances, however, *the insistence of military planners upon obtaining state-of-the-art technology for particular weapons systems has resulted in exorbitant contract prices and only marginal improvements in overall system capability.*

The Army's new main battle tank, for example, costs several times what its predecessor cost in 1960, yet has failed in operational testing to perform as well as its contract specifications require. The F-18 fighter airplane will be the most expensive fighter aircraft ever acquired by the U.S. Air Force, and its price tag has already forced the Pentagon to reduce the number of these airplanes it will purchase. There are many other similar examples of instances in which the high cost of modern weapons technology has meant that individual weapons systems could not be procured in adequate numbers or, in some cases, not acquired at all. The net result has been that it has become increasingly difficult for the Pentagon to purchase weapons in sufficient quantities to guarantee that U.S. forces will be adequately equipped in the event of actual hostilities.

Furthermore, *the unfavorable ratios in some areas of the U.S.-Soviet military balance can be traced directly to the practice of sacrificing quantity for the sake of performance.* While it is important that U.S. combat forces be supplied with equipment that can fulfill anticipated requirements, it is also true that in many circumstances, sheer numbers do make a difference. This is most obviously the case with respect to naval forces. The U.S. Navy can outperform the Soviet navy in most respects, but the Soviet emphasis upon the deployment of large numbers of surface combatants has made it possible for them to deploy a fleet of warships that is now able to challenge the United States in many areas of the world that were once the undisputed province of the U.S. Navy.

The costs of acquiring major weapons systems have grown so immense that *the United States should consider the wisdom of focusing its defense acquisition policies upon obtaining larger numbers of slightly less technically complicated arms.* In most cases, this would not mean that the U.S. military would be left with inferior weapons incapable of performing well in battle. Indeed, maintaining a high level of technical superiority in the weapons it acquires should continue to be an important goal of the Pentagon's acquisition process. The law of diminishing returns applies to defense procurement, however, and added capabilities do not necessarily translate into increased combat effectiveness. There are, for example, some Soviet fighter airplanes that can outperform comparable U.S. aircraft, but whose avionics and airframe construction are primitive by U.S. standards. Naval forces with global responsibilities cannot operate effectively without a minimum number of platforms, no matter how sophisticated each individual ship may be. In many instances, the choice has now become one of technical perfection versus affordability, and the Pentagon will need to emphasize affordability in its procurement

policies for the future, recognizing that it can provide adequate support to the military at a reasonable cost.

A related issue is the very long lead times that now accompany the acquisition of major weapons systems. While it took less than a year to design and build the U-2 airplane two decades ago, it now takes an average of 10 years between conception and deployment for most major new weapons. The danger in this delay is that it limits the ability of the military to plan for the future by incorporating the latest technical innovations, and it increases the risk of obsolescence once a weapon is finally delivered. To a certain extent, the complexity of modern technology requires a lengthy period of development and testing, but the Pentagon can do more to accelerate this process by streamlining defense contract procedures and not specifying excessive design changes midway in the manufacturing process.

It should be obvious, moreover, that whatever weapons are acquired must be serviced and maintained adequately. Unfortunately, funding for training, spare parts, and maintenance is usually among the first items of the defense budget to be sacrificed for the sake of lowering the overall totals. *It makes little sense to invest huge sums toward the procurement of a particular weapon, only to refuse to budget or appropriate the funds necessary to keep it in operation.* Most of these programs are fairly mundane in nature, but they are essential to the maintenance of an effective military force. *There is reason to believe that this is an area of current defense preparedness about which there should be considerable concern.*

Because modern technology has had such an overwhelming impact upon military operations, *the United States must continue to invest heavily in defense-related research and development programs designed to exploit new scientific discoveries and applications.* Historically, victory in combat has often been determined on the basis of technical innovations introduced into battle by the winning side. While the United States continues to have a substantial lead over the Soviet Union in nearly all aspects of military research and development, there are indications that the USSR is drawing abreast in some areas. Certainly the Soviet military has recognized the limitations of its traditional approach to basic research and is moving to integrate its military research facilities with the actual production plants responsible for fabricating military equipment. The USSR has also greatly expanded the amount of resources it devotes to research in areas of potential defense application, and it would be surprising if the effort did not yield significant results in terms of new and advanced military hardware.

Weapons alone, of course, cannot guarantee a nation's defense. The bulk of the annual U.S. defense budget is

devoted to personnel cost, *and how the military services manage their personnel requirements for the next decade will be a crucial national security issue.* At the present time, the Pentagon is attracting an adequate number of enlistees through the use of a voluntary enlistment policy, but *whether an all-volunteer system can obtain enough recruits with the requisite skills and education in the future is subject to question.* The declining re-enlistment rates of recent years (particularly among highly-trained and specialized personnel) are a cause for special concern, and steps must be taken to reverse these trends. Pay scales among the lower ranks of the military have now fallen far behind the wage rates available in private industry. To a certain extent that has complicated military recruitment, and the *wages paid to enlisted servicemen, especially those with technical skills and advanced training, should be increased generally throughout the lower ranks.* That can be done without a precipitous increase in the overall defense budget.

In fulfilling its defense requirements throughout the world, the United States can depend upon a healthy alliance structure to share some of the burdens of common defense. This is most obviously the case in Western Europe, where NATO has embarked upon an ambitious set of programs designed to modernize and upgrade its capacity to respond to Soviet challenges. The Soviet military build-up of recent years has served to reinvigorate and strengthen this alliance, whose past history has sometimes been marked by internal disagreement and over-complacency. The member states of NATO have agreed to a Long-Term Defense Program which promises to achieve a major improvement in NATO's overall military effectiveness. One component of this plan commits each member government to attempt to increase its real spending for defense by an annual rate of 3 percent. In addition, significant work is being done to improve the interoperability of NATO military equipment and communications and to increase the number of co-production agreements for major weapons purchases.

In other areas, the member governments have agreed to purchase jointly a sophisticated airborne early warning system built around the American AWACS program. The NATO alliance has also reached agreement on the deployment of a new generation of theater nuclear weapons in Western Europe, composed of a mix of Pershing II missiles and ground-launched cruise missiles. This latter decision is intended to counter recent Soviet moves to upgrade its own theater nuclear forces. More needs to be done in the areas of pre-positioning war materiel and supplies in Europe, in upgrading the rapid airlift capabilities of the United States, and in augmenting NATO forces generally.

The programs agreed to by the NATO governments are all necessary in terms of strengthening the alliance's ability

to safeguard its territorial integrity. They are welcome signs in underscoring that the United States does not stand alone in terms of defending many of its basic interests. This is in contrast to the Warsaw Pact which, while an impressive military force, remains essentially an imposed alliance dominated and controlled by a single member. Should actual hostilities break out between the two sides, the voluntary and democratic nature of NATO's organization will help to provide the kind of solidarity and purpose that may well be lacking among the people of the Warsaw Pact nations. Needless to say, strains and disagreements will continue to arise from time to time as NATO adapts to the changing needs of the eighties, but this is the price of a democratic military alliance, and it reflects well upon the basic soundness of NATO's essential mission.

In other areas of the globe, the United States is not so well prepared to conduct actual combat operations. In particular, *the inability of the United States to transport large numbers of troops and weapons to remote areas of the world quickly is a serious drawback that deserves careful attention.* The Pentagon is apparently aware of this problem, but is proceeding to a solution that includes the development of an entirely new long-range transport airplane, when the C-5A, in its modified and improved form, is presently available. Simply expanding the number of these aircraft in the current inventory would seem to be a cheaper and more satisfactory solution, one that would be available sooner than relying upon the delivery of an airplane that is still being designed.

Arms Control

The limitation and reduction of weapons and military forces throughout the world should be a priority for all humanity. Unfortunately, arms control has had an uneven history. It has been possible to secure significant agreements in some areas related to strategic nuclear weapons, such as the Atmospheric Test Ban Treaty of 1963 and the SALT I Agreements of 1972. Otherwise, however, a number of initially promising arms control ventures have foundered, either midway through the negotiating process (as was true for the proposal to create an Indian Ocean Zone of Peace) or after a completed document has actually been signed (as in the case of SALT II).

The difficulty with some recent arms control initiatives is not that the conceptual basis underlying the commencement of negotiations has been flawed or that the actual terms proposed or agreed to have unduly favored one side or another. *One reason why it has today become so difficult to conclude negotiations or to obtain ratification of a final document may be that the structure of the negotiating process itself, in many instances, has become so unwieldy*

and all-encompassing that the prospects for agreement have been radically reduced. The Mutual and Balanced Force Reduction talks, for example, purport to have as their goal the simultaneous reduction and limitation of all conventional forces belonging to both the entire Warsaw Pact and NATO. These talks, underway for more than 10 years and involving more than 20 nations, have become completely deadlocked. Similarly, the SALT II negotiations, while culminating in a finished treaty, took nearly seven years to complete, and the final product may never enter into force.

The development of increasingly deadly and sophisticated weapons of mass destruction is a disturbing facet of modern technology. Great efforts will be required in the future to control these weapons, but we should be realistic about the prospects for significant reductions or the elimination of entire categories of weapons systems. For its own defense and for the preservation of strategic stability, the United States needs to maintain a defense establishment that includes a signficant number of strategic nuclear devices. Beyond those requirements, however, we can afford to enter into agreements that control the introduction of new technology and that limit the overall total of strategic delivery vehicles in an equivalent and verifiable manner. *We cannot expect arms control alone to preserve U.S. national security. We can, however, avoid a costly and destabilizing arms race in strategic weapons through the negotiation of sensible accommodations.*

To do so may require new negotiating structures. Past experience has demonstrated that an omnibus approach to arms control may only result in protracted negotiating sessions and a reduced likelihood that meaningful compromises will be agreed upon. The parties are ordinarily reluctant to limit the entirety of their strategic forces in a single step and the difficulty of resolving individual issues rises in direct proportion to the number of weapons and constraints under consideration. Ultimate ratification of a completed agreement is made more difficult by the fact that Congress must evaluate arms control measures only infrequently and under circumstances that admit of no alternative other than approval or rejection.

If future negotiations on the control of nuclear weapons are to succeed, careful thought should be given to the manner in which these talks are organized. It would probably be futile, for example, to design a negotiation intended to consider all categories of strategic and theater nuclear weapons at the same time. This appeared, however, to be the Carter Administration's thinking with regard to the SALT III talks. *It might instead be wiser to commence a set of concurrent negotiations, each devoted to a separate and discrete aspect of the nuclear balance and each intended*

to conclude discussions in a relatively short time. These individual negotiations could be loosely connected so as to take advantage of any cross-cutting issues that might arise, but each negotiation would focus upon a particular, limited element of the nuclear arms race. One set of talks, for example, could consider the various proposals that have been made to limit anti-submarine warfare and to provide ocean sanctuaries for patrolling submarines. Another set of talks could be devoted to reaching agreement on the reduction of theater nuclear weapons. Another set could be designed to incorporate the equal numerical ceilings on strategic delivery vehicles in the SALT II Agreement into a separate treaty of unlimited duration. This last objective should be the highest priority for nuclear arms control during the 1980s.

Progress can be made in the field of arms control during the next decade, but it will continue to be a difficult and painstaking enterprise. In addition to the possibility of reaching agreement on certain aspects of the strategic nuclear balance, moreover, *there are other arms control issues that will need to be addressed during the next 10 years. High among these issues is the impact of new types of esoteric weapons technology, such as anti-satellite weapons or directed energy beams.* Since none of these systems has yet been fully developed, the 1980s will present a unique opportunity to prevent their full-scale deployment in the future. *It is also possible that progress can be made in limiting conventional weapons, particularly their sale to the developing world.* This is an even more difficult field in which to achieve lasting success, but the potentially disastrous impact of the growing international trade in arms requires that a serious effort be made.

Finally, the ever-present danger that fissionable materials might be illegally diverted into the construction of nuclear weapons is a dilemma which the world must face during the next decade. The non-proliferation treaty has helped to reduce the risk of nuclear proliferation, but further measures must be implemented to ensure that nuclear materials cannot easily be obtained by those who would subvert their use for destructive purposes.

Chapter 5

THE MORAL FRAMEWORK: Human Rights

It is perhaps understandable, considering the historical tradition and pride associated with the democratic genesis of the American republic, that U.S. foreign policy has traditionally embodied a significant moral dimension. In the past, an emphasis upon the role of ideas in shaping international developments has provided a useful unifying vehicle for implementing specific policies. Considerations of morality played a key (but not exclusive) role in U.S. decisions to wage war in Europe and Asia, in undertaking the reconstruction of postwar Europe, in encouraging the development of regional and global institutions of cooperation, and in inaugurating comprehensive programs of development assistance.

On many occasions, the moral element in U.S. foreign policy has resulted in the United States taking actions and adopting policies contrary to its immediate, short-term interests which have served to advance the well-being and security of mankind as a whole. On other occasions, adherence to an ill-formed ideological perspective has led to disastrous results, the most recent and traumatic example being the war in Vietnam.

Some commentators argue that the emphasis in policy execution should now be placed more upon pragmatic calculations of national self-interest, without particular regard to the potential opportunities for advancing aspirational goals of acceptable municipal and international conduct. *In actuality, American foreign policy has always contained elements of both pragmatism and idealism, and there are many reasons why a sensitive mix of these components should continue to characterize U.S. international involvement in the next decade.*

The United States is an intensely idealistic nation, created as a novel experiment in participatory democracy and imbued with a strong tradition of respect for individual rights and liberties. As a people, we derive great moral strength from the fact that we live in a nation in which basic rights are guaranteed and the individual is protected against the arbitrary use of government power. It is natural

that American foreign policy should reflect these values. *A major concern in the foreign policy process for the next 10 years will be how best to integrate the moral dimensions of American traditions with the immediate, short-run objectives of U.S. policy abroad. It is in the context of this dilemma that the question of promoting international respect for human rights arises.*

There is no universally accepted definition of human rights. Torture, arbitrary arrest and detention, deprivation of personal property, and other violent acts sponsored or condoned by official agencies are among the actions that meet with nearly worldwide condemnation as violative of basic individual liberties. In practice, however, the tendency has been to define human rights in a more elastic manner—to infer a violation of human rights when individual governments fail to take positive steps toward creating a climate in which each person can fully realize his or her potential as a member of society. Thus, human rights considerations have been invoked on behalf of such varied social issues as inadequate child nutrition and the unregulated use of aerosol sprays.

It should be clear, however, that *in order to be effective, a policy on behalf of human rights must retain a core element of fundamental goals for which a consensus can be obtained, and that the notion of basic individual freedoms not be diluted by application to a broad range of essentially unrelated, but important, social and economic concerns.* Human rights need to be seen as embodying absolute standards of government conduct, not susceptible to abridgment or modification on the basis of a particular nation's economic development. Too many governments have implicitly attempted to justify or obscure their poor record in the field of human rights through reference to the backward state of their economies. *A human rights policy which gives equal weight to economic and social equality unavoidably detracts from the primacy of protecting civil and political freedoms.* The former can sometimes best be realized, after all, at the expense of the latter.

The distinction between economic/social and civil/political rights is an important one to maintain because the nature of the government's involvement with the individual is different in each category. A human rights policy that is based on encouraging the exercise of individual liberties and discouraging official violence (torture, invasion of the home, repression of minorities, etc.) is principally oriented toward *limiting* a government's power over its citizens. On the other hand, a human rights policy that seeks affirmatively to persuade other governments to undertake social programs for the betterment of their societies is calculated, if successful, to *expand* the government's involvement in the day-to-day lives of its citizens. There is an inherent logical

contradiction to pursuing both of these objectives simultaneously. It is difficult enough to achieve meaningful progress in the field of human rights without diluting its effectiveness through the adoption of broadly inclusive, and potentially contradictory, definitional goals.

This is not to say that the United States should be indifferent to the economic well-being and material comfort of the world's people. It is to say that *human rights should not be the all-encompassing rubric under which the United States pursues its international humanitarian objectives.* It is important for the United States to encourage the fulfillment of basic human needs throughout the world and to adopt, both unilaterally and in cooperation with others, broadly-gauged programs of development assistance. To imply that the political and civil liberties of a people, however, are interwoven with or dependent upon the realization of economic independence is to downgrade the traditional effectiveness of democratic institutions in securing a fair distribution of national resources and to jeopardize the attainment of basic personal liberties.

Human rights, viewed in this perspective, constitute an important, but not determining, aspect of American foreign policy. The United States has a wide range of interests throughout the world, and its bilateral relations with other countries usually encompass a variety of significant policy issues. It is ordinarily impossible to identify a single topic as the one most critical to U.S. relations with a specific country, much less to predicate an entire foreign policy upon a particular objective. America's role in international relations is based upon a variety of factors and perceived interests, and to attempt to separate a single strand from the larger tapestry is to ignore the interrelated nature of U.S. interests throughout the globe.

Because the United States must deal with other nations in a complex environment in which our policy goals may be multiple and overlapping, *a disproportionate emphasis upon human rights may subject the United States to charges of inconsistency in the application of that policy. Rigid consistency in the construction of a foreign policy framework is not, of course, a goal to be pursued at all costs.* Every nation must occasionally revise the principles upon which its international policies are based in order to adapt to changing circumstances and special opportunities. *It is probably a hallmark of a mature foreign policy that it is able to live with its internal contradictions at the same time that it effectively protects the national interest and serves the larger concerns of humanity.*

Human rights is an issue about which U.S. foreign policy can afford to be inconsistent. As a genuine reflection of the moral concerns of the American people, the United States must maintain a vigorous and principled stance in

opposition to the use of repression and the curtailment of individual liberty. *As a nation with many varied interests throughout the world, however, it makes little sense for the United States to jeopardize its other foreign policy objectives because of a sweeping devotion to a single cause, no matter how worthy that cause may be.* This is particularly so when the prospects for lasting success are as problematic as they are in the realm of human rights.

In regard to implementing the policy considerations set forth above, the following guidelines define, in very general terms, the factors that need to be evaluated before human rights problems are brought to the forefront of our relations with other states:

- ☐ *Bilateral relations must be conducted so as to enhance American interests across the foreign policy spectrum.* It is very rare for a single issue to define the totality of American relations with another country, and human rights is only rarely that issue. Official public condemnation of the human rights practices of a particular regime may serve to frustrate or defeat equally compelling foreign policy goals in the fields of commercial trade, regional stability, non-proliferation, and other matters of concern to the United States. There may be occasions when the abuse of human rights is so flagrant as to justify endangering other U.S. interests, but the decision to speak out should be made with a full awareness of its probable impact on other aspects of U.S. international policy.

- ☐ *Criticism of the human rights practices of a particular government must be tempered by a realistic appraisal of the prospects for constructive change.* Unilateral U.S. action on behalf of human rights can lead to a moderation in the repressive policies of some goverments, but it can also stimulate a reaction in which government-sponsored violations of human rights actually intensify. In addition, a government may be so weakened by attacks on its internal policies by other nations that it is replaced by a successor regime even less committed to human rights. For some countries, most notably the USSR and a number of East European states, meaningful improvements in the human rights situation can be expected only as part of a very long-term evolution in the basic structures and institutions of state control. Even though U.S. actions on behalf of human rights cannot be expected to transform the repressive orientation of these governments, the expression of official concern can at least serve to protect

and encourage the activities of private groups working for change from within.

- ☐ *The United States should not associate itself with the repressive practices of other governments.* Even though we may choose to deal with foreign governments that have imperfect human rights records, that does not mean that the United States needs to endorse the use of violence or intimidation as a means of internal rule. Our preferences in this regard can be made clear, even though we may conclude that there is no action that we should take to influence a particular government in its human rights practices. The United States should also continue to provide asylum for those persons fleeing the dangers and repression of authoritarian rule. Above all, this country should not furnish any government with the instruments of repression. This includes most types of police equipment, all sophisticated electronic surveillance devices, and training in the use of such equipment or the application of modern police techniques.

- ☐ *When affirmative action on behalf of human rights is called for, private diplomatic initiatives are to be preferred to public statements and denunciations.* When it appears that specific human rights concerns can be strengthened through resort to official government channels without compromising other vital U.S. interests, the initial emphasis should be placed upon private communications between governments, rather than on public expressions of dismay or opposition. *As a component of U.S. foreign policy, human rights need not be seen as an all-or-nothing expression of humanitarian intent, and a graduated approach in dealing with significant violations is entirely consistent with maintaining productive working relationships in other areas of interest to the United States.* Official public statements may be called for in certain instances, but they should be used as an instrument of human rights policy only after private expressions of concern have failed.

- ☐ *When resort to coercive measures is decided upon to deal with major and continuing violations of human rights, military assistance programs should be terminated before interrupting economic assistance and trade relationships or employing force.* There are a variety of punitive measures that the United States can take to compel a foreign government to

modify its human rights practices or to distance the United States from the policies of a particular regime. These steps should be undertaken only after a careful assessment of the gravity and extent of the violations in question, the probability that U.S. actions will succeed in ameliorating the human rights situation, and the relative importance of other U.S. interests that might be jeopardized through intervention. In recent years, only Uganda under Idi Amin and Kampuchea under Pol Pot clearly qualified under all three criteria. Where it exists, U.S. military assistance should be withdrawn before resorting to other reprisals, inasmuch as economic aid and commercial ties benefit large segments of a country's population outside the ruling circles. It is rare that a human rights situation will be so severe as to justify military action intended to overthrow the government committing the violations in question.

- ☐ *Multilateral institutions can play only a limited role in enhancing human rights.* While human rights issues seem, at first glance, to be ideally suited for consideration within the context of the United Nations and other multilateral organizations, the internal dynamics of these institutions militates against the impartial review and judgment of human rights abuses. With the exception of South Africa, Rhodesia, and Israel, the United Nations has not singled out individual countries by name, and it has generally ignored the worst offenders in the field of human rights because voting patterns in the United Nations tend to guarantee that human rights issues will be obscured by unrelated political factors. To the extent that concern for human rights is a legitimate international issue, it will continue to be voiced most effectively by individual governments and private organizations. Nevertheless, the United States should not hesitate to work within the multilateral context when such an approach promises to yield real results.

Although the human rights policies of the Carter Administration were surrounded by controversy, the concern for individual liberties that human rights signifies has struck a responsive chord among the American people and throughout the world. Even though the campaign for human rights has suffered from overblown rhetoric and confused application, there is virtually no democratic government in the world today that does not profess to have human rights concerns high on its agenda of foreign policy

goals. There is now an organized constituency for human rights, and repressive governments know that their actions will be closely scrutinized by the many organizations that have been created to monitor human rights conditions in all parts of the world.

The enhancement of human rights is not a task solely for government action. Private organizations such as Amnesty International and the International Commission of Jurists play an important role in spotlighting particular abuses and focusing international attention on especially troublesome violations of human rights standards. Publicity can serve as a powerful tool in the struggle to persuade individual regimes to moderate the practices they engage in as part of their internal rule. Indeed, when the U.S. government is unprepared, for whatever reason, to adopt official reprisals against a particular government because of its record on human rights, then the private organizations active in this field should be responsible for generating the publicity that may result in some improvement for human rights. It is difficult, however, to reconcile an official policy that combines open hostility for the actions of a particular government with business as usual in other areas. Worse, simple criticism that is not accompanied by concrete action seems to some foreign leaders to represent nothing more than hubristic American moralizing.

The human rights issue has been a generally popular—albeit controversial—element of American foreign policy because it signifies the continuing interest of the United States in the moral dimension of world leadership. *It is worth a great deal to believe that the United States stands for something in the modern world, and it is useful for the American people to know that the differences—economic, political, and historical—which distinguish the United States from many other nations are real and that they have a continuing relevance to the U.S. role in the modern world. Moreover, a sensitive and wise concern for universal human rights lends to American foreign policy a unifying and ennobling quality that is absent when international policies are constructed on the basis of mere expediency.* That concern, and the intelligent involvement of the United States in other facets of international life, will help to guarantee that our interests, and the interests of all mankind, are strengthened and protected.

Chapter 6

THE INSTITUTIONAL FRAMEWORK: THE ORGANIZATION OF Foreign Policy Decisionmaking

Any analysis of American foreign policy for the next decade would be incomplete without an examination of the structure and operations of the official foreign affairs agencies of the U.S. government. Even the best and most far-sighted substantive policies can be thwarted or undermined by inefficient or shortsighted implementation. An analysis of this subject begins, as it must, with the question of Presidential leadership. It used to be said that American Presidents enjoyed dealing with foreign policy because there were fewer restraints upon their freedom of action than was true with regard to issues of domestic significance. Interest groups were not as numerous or as vocal, and the Congress was generally willing to accede to the overall policy direction established by the White House.

This is, of course, no longer as true as it once was. In particular, the U.S. Congress has assumed an active role in the formulation of basic policies toward other governments. Legislative restrictions on the powers of the executive branch in conducting foreign affairs have multiplied. The Congress now expects to be adequately consulted before major new initiatives are undertaken and to be informed of the progress of important ongoing programs. On occasion, the Congress will insert itself directly into the management of specific foreign policy issues. In addition, the American public has developed a new awareness of the impact of foreign developments upon their lives and a new willingness to speak out about American policy on significant international questions.

It is, nevertheless, the President who remains the single most important actor in determining the nature and scope of U.S. participation in world events. The President sets the tone and develops the agenda. He controls and directs the assets of American diplomacy. The agencies responsible for day-to-day implementation of foreign policy report to him, and he is responsible for guiding and reviewing their operations. He represents, as no other person can, the ideals and priorities of the United States

before other countries, and he speaks for the American people in setting forth the policies of the United States on issues of international importance. Thus, the quality and success of U.S. foreign policy is highly dependent upon the wisdom and skills of the President. No matter how capable his foreign affairs advisors may be, they alone cannot substitute for thoughtful and sensitive Presidential leadership.

The President is assisted in his responsibilities by the various agencies of the executive branch concerned with foreign affairs and by the staff of the National Security Council, at the head of which is the Assistant to the President for National Security Affairs. *The NSC staff in recent years has developed a disturbing inclination to participate directly in the negotiation of international treaties and agreements; to deal, again directly, with foreign governments and officials; and to advocate the adoption of specific international policies. These tendencies should not be encouraged.* It compromises the effectiveness and impartiality of the NSC staff to do so, and it detracts from the staff's ability to perform its other functions. It may also reduce morale within the State Department when the NSC staff is elevated to co-equal status, and conflict and confusion are thereby engendered.

The role of the National Security Council staff should be to serve as a disinterested clearinghouse between the President and the cabinet agencies charged with implementing the administration's foreign policy. The NSC staff should translate the President's wishes into operational instructions and ensure that the agencies are responsive to the President's needs for timely and complete information and policy advice. Inevitably, the Assistant to the President for National Security Affairs will be called upon for his opinion on specific issues, and in many instances, his views will be helpful in determining which agency viewpoint should prevail. He should not, however, seek opportunities for expressing his opinion, and he should make every effort to preserve his neutrality and, by doing so, his credibility and value. There is no reason why the NSC staff should include a full-time press secretary. It is, however, inevitable that the Assistant to the President for National Security Affairs will play a major role in formulating basic policy so long as the Department of State is incapable of functioning as a forceful participant in the design of U.S. international policy.

The Department of State

Since World War II, the Department of State has steadily lost a number of its formal responsibilities in the field of foreign policy management to other federal agencies. The Departments of Treasury and Defense have traditionally had primary responsibility for international economic matters

and politico-military affairs, respectively, but other departments and agencies have also come to play an active, and in some cases, dominant role in the design and execution of important aspects of U.S. foreign policy. The Department of Agriculture handles world food and agricultural matters, including the administration of the Food for Peace program. The Department of Commerce has recently been given lead authority over all official U.S. commercial activities overseas. The Arms Control and Disarmament Agency, loosely affiliated with the State Department, acts as an independent participant in the negotiation of arms control agreements. The International Communications Agency coordinates official government information services abroad, and the International Development Cooperation Agency handles U.S. economic assistance policy. ACTION, an independent agency, controls the Peace Corps. The Department of Energy is responsible for U.S. participation in the International Energy Agency, and the negotiation of international trade agreements is the responsibility of the U.S. Trade Representative, attached directly to the White House.

By and large, this fragmentation of responsibility has not resulted in as many overt policy contradictions as might be expected. The various agencies of the federal government attempt to coordinate their work, and, on many issues, the implementation of specific programs is carried out in a collegial fashion, with representatives of separate agencies acting together as members of the same negotiating team or working group. *The fact that virtually all federal agencies today have significant foreign operations has, however, necessarily diminished the primacy of the Department of State in the field of foreign policy.* The Department must compete with other agencies for the President's attention, and its status and authority have been progressively eroded. This may have unfortunate consequences in the future inasmuch as the State Department is the only agency capable of viewing the international scene from a broad perspective without being limited by mandate or institutional preference to a single policy perspective.

The Department of State is uniquely situated to perform two important functions: long-range planning and foreign policy integration. It has often failed, however, to carry out these roles because the Department remains a highly bureaucratic structure consumed by the operational details of foreign affairs management. Emphasis is placed upon the analysis of information from overseas posts and the drafting of instructions on a variety of breaking developments. This tendency is reinforced by the fact that the Department is largely organized along regional lines, whereby an assortment of assistant secretaries may share responsibility for discrete problem areas. In addition, the

Foreign Service personnel system is organized in a way that does not encourage creativity or independence, and officers have little opportunity to develop an in-depth knowledge of specific functional fields or regions of the globe. Because of the Department's central role in the administration of U.S. foreign policy, the specific ramifications of these developments will be examined here in some detail.

Long-range planning and analysis is perhaps the area to which the Department needs to pay greatest attention. The Policy Planning Staff, attached directly to the Secretary's office, is officially charged with undertaking long-range studies and assessments, but the responsibility of this office has sometimes been divided between planning and direct support for the Secretary of State. The Policy Planning Staff should be increased and its role redefined as more nearly that of a departmental think-tank reporting directly to the Secretary of State. The Secretary's personal staff could be augmented so that speechwriting and other support functions can be handled directly, without imposing upon the resources of other offices in the Department.

The task of integrating the discrete threads of foreign policy is largely handled through the use of a complicated and time-consuming clearance process within the Department. The process is cumbersome in execution because the Department is uniquely top-heavy among executive agencies in its managerial structure. There are, for example, 4 Under Secretary positions in the Department of State (no other agency has more than 2), and no less than 27 Assistant Secretary or equivalent positions, supplemented on occasion by as many as 7 Ambassadors-at-Large. The dispersion of responsibilities that this system has entailed virtually guarantees that policy cannot be made within a unified framework, and an extraordinary burden is placed upon the Secretary as perhaps the only official in a position to judge the broad implications of individual policy recommendations. *The Department should give serious consideration to consolidating some of its functional bureaus so that decisionmaking can be carried out in a more efficient and timely manner. In addition, one of the current Under Secretary positions should be eliminated and replaced by a new Under Secretary who would be responsible for multilateral and regional affairs.*

The 1980s will witness a continuation and expansion of the trend toward resolving global issues within the context of multilateral and regional organizations. Many international problems are already dealt with in this way, and it is likely that the interdependent nature of world events will accelerate this movement. Increasingly, issues related to the movement of people across national borders, the impact of science and technology, telecommunications and transportation, the eradication of the worldwide trade

in narcotics, and the elimination of terrorism will require a concerted response by many nations. The United States can participate effectively in this process only if it has the skills and understanding necessary to engage in the kind of diplomacy unique to the multilateral process.

Nowhere within the Department of State, however, is high-level responsibility assigned for U.S. participation in international organizations and conferences. The Under Secretary for Political Affairs is generally responsible for all U.S. bilateral relations, and each of the regional bureaus reports to him, but there is no comparable position for overseeing U.S. policy toward international and regional institutions. The position of Under Secretary of State for Multilateral and Regional Affairs, suggested above, might be one means of correcting this deficiency. The Department's Bureau of International Organization Affairs, Bureau of Oceans and International Environmental and Scientific Affairs, Bureau of Human Rights and Humanitarian Affairs, Bureau of International Narcotics Matters, Office of Refugee Programs, and Office for Combatting Terrorism could report to the new Under Secretary. The current position of Under Secretary for Security Assistance, Science and Technology should be abolished.

The day-to-day tasks of American diplomacy are carried out by the U.S. Foreign Service, an organization of roughly 3,500 career officers who staff American embassies overseas and constitute the bulk of the U.S. diplomatic corps. Modern diplomacy can be difficult and demanding, requiring a wide range of talents, and, by and large, the Foreign Service has been successful in attracting men and women of very high caliber. They are limited in their effectiveness, however, by a personnel system that is unable to reward exceptional performance or provide in-depth experience in a variety of important fields.

The Department should consider taking immediate steps to improve the career opportunities available to its officers. Consideration should be given to the creation of a small group of promising junior officers who would be promoted quickly through the ranks according to their abilities and with the expectation that they will eventually be given senior-level responsibilities, rather than continuing the current system, which is based almost entirely upon attrition in the upper grades. Opportunities should be provided for qualified officers to hold positions three or four grades above their own personal rank. Assignments should also be generally lengthened beyond their current term of two to four years so that the Department can benefit from the greater expertise and improved institutional memory that would result. It might be desirable to designate a certain percentage of the consular corps as career consular officers who would be assigned to certain

posts at designated grades on a permanent basis. The Congress should enact legislation to make Foreign Service salaries comparable to equivalent civil service pay scales.

The Role of Intelligence in a Free Society

The principal function of an intelligence service is to provide information and analysis about foreign developments to policymakers for their use in designing and implementing an international strategy. Such information is essential. It forms the basis on which many major foreign and defense policy decisions are made. Moreover, such information cannot all be obtained from open sources. Some must be gathered by sophisticated devices capable of intercepting electronic signals or photographing remote corners of the world. Some can be obtained only through the use of clandestine agents. All of it, however, must be evaluated for accuracy and significance before it can be of real use to the foreign policy decisionmaker.

In terms of technical intelligence gathering, the United States is well-served by the CIA and the other organizations that make up the intelligence community. This type of collection consumes the bulk of the intelligence budget and results in a large amount of often very useful and highly detailed information. Human intelligence, or information derived from agents, is often less satisfactory or subject to misinterpretation and constitutes a relatively smaller proportion of the total collection effort. The relative effort that should be given to these two types of collection activities is a judgment that only those associated with the official intelligence community can make.

The analytic function of interpreting and evaluating data received from abroad is, in many respects, a more important activity than the gathering of raw information, and there is reason to believe that this aspect of U.S. intelligence can be improved. First, greater competition in the analysis of intelligence data among the various intelligence agencies should be encouraged, and analytical staffs should be strengthened across the board to further this goal. The use of dissenting and minority opinions in intelligence reports should be increased, and efforts to harmonize differing agency viewpoints should be discouraged.

Second, the intelligence community should undertake a major effort to improve its ties to the academic world. The use of private experts, on a contractual basis, should be expanded, and the intelligence community should experiment with the possibility of granting access to classified materials, limited by subject matter, to leading academic authorities for comment and analysis. The intelligence community might usefully expand its university exchange program, whereby college faculty members spend a period of time detailed to the analytical staffs of an intelligence

agency. Finally, consideration should be given to the possibility of establishing an external advisory council, composed of leading experts outside the government, that would act as a standing source of advice and guidance to the Director of Central Intelligence. The council would be assigned the task of monitoring the community's analytical product and recommending areas in which further information and research are needed.

Covert operations are the one area of U.S. intelligence that has received the most attention in recent years, and in performing this function there were abuses in the past by the Central Intelligence Agency and other agencies involved in the collection and processing of foreign intelligence. Strict requirements have now been enacted to control this aspect of U.S. intelligence, and these restrictions appear to be functioning as intended. *While it is probably necessary for the United States to retain some ability to conduct clandestine operations, there does not now appear to be sufficient reason to loosen the restraints that govern the initiation of overseas covert activities.* The fact that legislative oversight of this area has recently been reduced from eight to two Congressional committees is, however, a welcome development.

Congressional Participation and Oversight

Congress has become deeply involved in the formation and execution of American foreign policy. Congress is likely to remain involved during the next decade and probably beyond, but relations between the executive branch and Capitol Hill are obviously not always harmonious. Members of Congress complain that the State Department and other agencies fail to consult on important matters or yield information only when a major international crisis is developing. From their perspective, officials of the executive branch sometimes despair of Congress' inability to protect sensitive information, and they regret the proclivity of certain committees and individuals to interfere in the detailed implementation of specific programs.

The Constitution, however, contemplates that both branches of government will be involved in foreign policy, and each branch has a unique contribution to make in that process. The executive branch has the resources, information, and infrastructure necessary to analyze foreign developments and determine their potential impact on the United States. It is also best equipped to conduct negotiations with foreign governments and to protect American interests throughout the world. Congress controls the appropriations process and reflects, in a more direct and immediate fashion, the concerns and interests of the America people. *Both branches can, if they wish, play an important role in considering the basic, underlying objectives of U.S. foreign*

policy and in providing a clear rationale to the American people of U.S. participation in international affairs.

Each branch, however, must be aware of its own strengths and weaknesses and have some sensitivity to the legitimate needs and responsibilities of the other. *For the Congress, this means that the oversight function should be used in a creative fashion, rather than interpreted as a mandate for second-guessing tactical diplomatic maneuvers or attempting to engage in day-to-day administration of the foreign affairs bureaucracy.* To be effective in its foreign policy role, Congress must maintain a wider perspective, focusing upon the general principles by which U.S. international participation should be guided, and not concentrating, instead, upon the retrospective examination of minor errors. *For the executive branch, this means that nothing can take the place of early and continuous consultation, in which members of Congress are not only informed of major pending activities, but also listened to for the value which their unique vantage point often gives to their opinions.* Consultation with the Congress should be built into the foreign policy process, with regular briefings provided to all of the relevant Congressional committees.

One of the particular attributes of the Congressional process of open debate and discussion is its potential for serving as a sounding board for new ideas and a forum for the consideration of national issues on the widest possible scale. We are in need of a new foreign policy consensus in the United States, and the Congress could perform a particularly valuable function in the years to come by exploring the fundamental foreign policy issues that will face this nation in the coming decade. *The President might consider presenting an annual "State of the World" address to the Congress in January of each year, his statement to form the basis for an extended debate within the Congress about the goals of our international policies and the methods to be used in preserving U.S. interests and advancing the welfare of mankind.* With the benefit of this type of public discussion, this country should be able to formulate specific policies for the 1980s on the basis of a strengthened and unified national consensus.

CONCURRING Statement OF CHAIRPERSON ROSTOW

Although I agree with many of the points made in the report of the Panel on the United States and the World Community, the final draft does not adequately reflect the sense of urgency I feel in respect to the tasks ahead in the eighties.

Starting with a different perspective on the period since 1945 than that contained in the first chapter of the report, I find myself also at variance with the analysis of the present context within which policy will need to be formulated. Thus, the recommendations that emerge seem to me to underemphasize the dilemmas we face in such areas as arms control, the draft, relations with the developing world, the Middle East, etc. Finally, the essential interaction between the performance of the domestic economy and the possibility of obtaining any major goals abroad is given less stress than I judge appropriate. Without a significant revitalization of the American economy—without policies aimed at a radical reduction of oil imports coupled with inflation control and the restoration of a high rate of productivity increase—most of the goals (whether in the fields of international equilibrium, economic stability, or human rights) seem to me to be unobtainable.

In consequence, the Panel report seems to be more of a background paper than an operational document. I should emphasize that it was prepared with great care and intelligence by an able staff and subjected to searching criticism by Panel members. My own views, however, are more nearly approximated by Chapter 6 of the Commission Report.

Biographies

Philip Handler

Philip Handler is the President of the National Academy of Sciences. Mr. Handler received a B.S. from the College of the City of New York and a Ph.D. in biochemistry from the University of Illinois, and has been a Professor of Biochemistry at Duke University for 40 years. He has served numerous academic and government organizations in the field of science, including the National Institutes of Health, the National Science Foundation, and the President's Science Advisory Committee. A recipient of many national and international awards, he has also published over 200 technical papers in numerous scientific journals.

William A. Hewitt

William A. Hewitt is Chairman and Chief Executive Officere of Deere & Company. Mr. Hewitt is a graduate of the University of California. He has served on the Special Committee on U.S. Trade Relations with East European Countries and the Soviet Union, the National Advisory Commission on Food and Fiber, the National Corporation for Housing Partnerships, the Task Force on International Development, and the National Endowment for the Humanities. He is an active member of numerous public and private organizations concerned with economic development and international relations.

Donald C. Platten

Donald C. Platten is Chairman and Director of the Chemical New York Corporation and the Chemical Bank. Mr. Platten joined the Chemical Bank after his graduation from Princeton University in 1940. He is also a Director of the Associated Dry Goods Corporation, CPC International, Inc., the New York Chamber of Commerce and Industry, the United Way of New York City, the Association of Reserve City Bankers, the Economic Development Council of New York City, Inc., and the National Minority Purchasing Council. He is a member of the Federal Advisory Council of the Federal Reserve System and the Council on Foreign Relations. Mr. Platten is chairman of the New York City Mayor's Management Advisory Committee and of Goodwill Industries of Greater New York, Inc.

Elspeth D. Rostow

Elspeth D. Rostow is the Dean of the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin. Dean Rostow is a graduate of Barnard College and received her Masters degrees from Cambridge University and Radcliffe College. She presently serves on the President's Advisory Committee for Trade Negotiations and as Director of the Lyndon Baines Johnson Foundation. Ms. Rostow has taught at many American and European universities. Her principal scholarly interest is the analysis of the institutions of American government.

William W. Scranton

William W. Scranton is a former U.S. Ambassador to the United Nations, former Governor of Pennsylvania, and former Representative to the U.S. Congress. Mr. Scranton received both a B.A. and an LL.B. from Yale University. He was Chairman of the President's Commission on Campus Unrest and also served as a member of the General Advisory Committee on Arms Control and Disarmament and the President's Price Commission. Mr. Scranton serves in numerous civic and business capacities, including as Chairman of the Urban Institute. He presently is a member of the President's Intelligence Oversight Board and the United States national group in the Permanent Court of Arbitration.

Addie L. Wyatt

Addie L. Wyatt is International Vice President and Director, Civil Rights and Women's Affairs Department, United Food and Commercial Workers International Union, AFL-CIO and CLC. Ms. Wyatt is also Executive Vice President of the Coalition of Labor Union Women and a member of the National Commission on Working Women and the Coalition of Black Trade Unionists. She is active in community affairs in Chicago, where she serves as a labor adviser to the Chicago Urban League, to Roosevelt University, and to Operation PUSH (People United to Save Humanity). She is especially concerned with child care issues.

Paul M. Bunge

Paul M. Bunge, a member of the Senior Professional Staff of the Panel on the United States and the World Community, is a graduate of New College and the Harvard Law School. Mr. Bunge entered the United States Foreign Service in 1977. He held several positions in the State Department, including Special Assistant to the Under Secretary of State for Security Assistance, Science and Technology. Prior to joining the Foreign Service, he was associated at various times with the Hudson Institute, the American Enterprise Institute, and the Office of the Mayor of New York City. He is a member of the District of Columbia Bar.

Jeffrey A. Hart

Jeffrey A. Hart, a member of the Senior Professional Staff of the Panel on the United States and the World Community, received his undergraduate education at Swarthmore College and his doctoral degree from the University of California at Berkeley. Dr. Hart taught international politics and foreign policy at Princeton University from 1973 to 1979. He has published a number of books and articles on international affairs and specializes in problems of international economic policy. He will be joining the faculty of Indiana University as an Associate Professor of Political Science.

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