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Emerging

Issues

Forum 1991

**Changes in
Europe:
Challenges for
America**

North
Carolina
State
University



EMERGING
ISSUES
FORUM

**Changes in Europe:
Challenges For America**

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Emerging Issues Forum 1991

Larry Monteith



**Statement
from
the
chancellor**

Emerging issues.

Competitiveness. Education reform. The environment. The changing face of Europe. Issues we must address as individuals, as a state, as a nation if we are to be responsible and prosperous citizens of the world.

The Forum.

Two days each year when hundreds of leaders from across North Carolina put aside daily routine and come together around a single topic...to hear the different and differing perspectives of national and international experts...to think...to debate ...to test ideas.

The Emerging Issues Forum.

One of the most exciting and stimulating events taking place anywhere in the nation.

North Carolina State University takes pride in hosting this annual conference. Our guests this year included many members of the General Assembly and Council of State, U.S. Sen. Terry Sanford, several North Carolina congressmen, county commissioners, President C.D. Spangler, Jr. of the University of North Carolina system, the chancellors of several of our sister UNC institutions, presidents of our state community colleges, professors, leaders of industry and business, and journalists, to mention a few.

We also are pleased that the reach of the Forum, now in its sixth year, extends well beyond the 1,300 capacity audience in McKimmon Center. The UNC Center for Public Television and cable's C-SPAN network have made Forum events available to hundreds of thousands more throughout the country.

How better could North Carolina State University exert its leadership and fulfill its mission of service as a land-grant institution?

I think it is especially fitting that the exchange of ideas called the Emerging Issues Forum takes place on this campus. North Carolina State is a university that looks to the future and that seeks out solutions that will keep this state and its people moving forward. We have already taken a leadership role in addressing some of these issues, such as improving math and science teaching in secondary schools or researching the causes and effects of environmental pollution. And as the scope of issues increasingly becomes international, North Carolina State University is already there . . . responding to the international agenda through its teaching, research, and public service . . . and bringing the lessons home for the people of North Carolina.

The Emerging Issues Forum and North Carolina State University. A good match for the future of North Carolina.



Larry Monteith

Emerging Issues Forum 1991

Jim Hunt

**Statement
from
the
chairman**


The revolution in world events is undeniable. Already in our lifetimes, we have witnessed more swift, significant, global changes than perhaps any generation before us. In only seven weeks, U.S. and Coalition forces defeated the fourth largest army in the world and freed the people of Kuwait. In Latin America, after years of armed struggle, the ballot box has replaced the rifle as the weapon of change. In Eastern Europe, momentous economic and political events—occurring within a space of 15 months—have overturned nearly 45 years of status quo. In Western Europe, preparations are under way for even more change.

And in America, we are left wondering. What is our place in the world? How do we as Americans answer the challenges presented by change?

These are the questions we addressed in the 1991 Emerging Issues Forum, and we came away with powerful messages.

- That we must be a nation committed to peace.
- That our security is threatened by the continuing proliferation of weapons of mass destruction.
- That we must not turn our backs on Eastern Europe just as people are struggling to create viable democratic and free-market systems.
- That American business must act now to avoid being locked out of Western Europe and that it can do much both to aid and profit from the opening of Eastern Europe.

Clearly, the new world order presents opportunities for America, both politically and economically. We must prepare ourselves to take advantage of them. For as Charles Sanders told us: "America's future lies as much beyond our borders as within them."

A handwritten signature in black ink, appearing to read "Jim Hunt". The signature is stylized with a large, looped initial "J" and a long, horizontal stroke extending to the right.

Jim Hunt

Emerging Issues Forum 1991

Jimmy Carter

**Peace, human rights,
humanitarianism
fill Jimmy Carter's
vision of America**

"...to improve housing, to improve freedom, to promote the holding of elections and negotiation of disputes, the elimination of disease, the feeding of the hungry, and the promotion of human rights. I think those are the kind of things that offer us the opportunity of a new world order."

—Jimmy Carter

"I would like to see our great nation...take the leadership in a finer quality of life for destitute and suffering people, for the promotion of a sustained basis of human rights, for the control of nuclear weapons, for improving the quality of the environment for us all, and particularly for the prevention of or the resolution of conflict by peaceful means. To me that defines what a great nation is."

In those two sentences, former President Jimmy Carter summed up his vision of "America's Place in the World." His keynote address to the 1991 Emerging Issues Forum presented the vision and outlined ways to accomplish his goals. Often, he drew on examples from his work at the Carter Center at Emory University in Atlanta.

He said he spoke as a private citizen. "In a democracy like ours," he said, "I don't think one private citizen's point of view is particularly inapplicable

because the strength of our country, the thrust of our nation, its basic policies are formed by the conglomerate opinions, ideas, interests, commitments, ideals, moral values, fears, hopes, and dreams of individual Americans."

The address before a sold-out crowd of 1,300 people at the McKimmon Center was carried live by the North Carolina Center for Public Television and the C-SPAN cable network.

War and peace

Much of Carter's speech and the question-and-answer session that followed dealt with issues of war and peace. "We've got to have a commitment as a nation to be at peace," he said. "And I don't see peace as sign of weakness. It's a lot easier to wage war than it is peace."

While saying he prayed for a quick and decisive

coalition victory in the war in the Persian Gulf, then being waged, he deplored the U.S. record in recent world affairs. The United States has been involved in all but two conflicts that crossed international borders during the last 10 years, he said, from the stationing of troops in Lebanon and the shelling of Beirut, to the assaults on Grenada, Libya, and Panama, to the arming of the contras in Nicaragua, and finally to the war with Iraq.

"In none of these cases have diplomatic opportunities been exhausted," he said. "The principles that we know about arbitration and negotiation have not been pursued. Negotiations don't work when one leader issues a public ultimatum to another leader."

Even in dealing with terrorists, he said, diplomacy can be made to work. He gave an example from his own presidency, when airplane hijacking was the terrorists' major weapon.



"One of the most startling political events in my lifetime and perhaps one of the most profound in history has been the advent of Mikhail Gorbachev. Although he has failed internally..., as far as the global situation is concerned his impact has opened up tremendous opportunities that have not been lost."



Participants queue up for the question-and-answer session which followed Jimmy Carter's speech.

Libya routinely accepted the hijacked planes and treated the hijackers as heroes. At an economic summit meeting, Carter said, he and then French President Valery Giscard d'Estaing drafted a letter to Libyan leader Muammar al-Qaddafi that was then signed by the leaders of other major countries. "We sent this letter with complete secrecy to Qaddafi, and the letter said, 'If you ever again accept a hijacked plane and don't return it to its owners and the hijackers to justice, we will terminate all international air flights between your country and ours.' Qaddafi never again accepted a hijacked plane.

"I won't dwell on this, but it illustrates one means to deal

with a disturbing event. You've got to have multiple nations involved, you've got to have a very clear punitive message that's easy to understand, and it's got to be done almost entirely in secret. A public ultimatum almost guarantees nonacceptance. That is true for me. It's probably true for you. It's particularly true in some regions of the world. Even a weak leader cannot yield to a demand of that kind."

The Middle East

He spoke of hope that the conflicts between Israel, her neighboring countries, and the Palestinians can be resolved peacefully. He called for an international conference involving all parties in the disputes, which would be

followed by bilateral negotiations. Then the world community should help raise the money to pay for the agreements they reach, he said.

"It'll be fairly expensive, but...it won't be nearly as costly as this war is every month." And with peace, he said, could come economic development that would benefit the entire region.

He said he didn't discount the difficulties. Recalling the negotiations that led to the Camp David Accords, he said Menachem Begin and Anwar Sadat refused to be in the same room with each other for 10 out of the 13 days the talks lasted. Nonetheless, they reached accord, and Israel and Egypt remain at peace today.

"What oppressed people fear most is silence from Washington. What oppressors want most is silence from Washington."

"Everybody wants peace," Carter said. "The people of Israel want peace. The Palestinians want peace. The Lebanese, the Syrians, the Jordanians want peace. The trick is to get a way to overcome some inherent problems that deal with the theory of negotiation. But it's almost impossible for people who have been antagonists or enemies for decades even to recognize that the other people are human beings, and therefore it's almost impossible for them to say you are legitimate enough to sit down across from me at the table."

Nonetheless, he sees hope in recent developments. Improved relations between Israel and the Soviet Union, a longtime ally of the Arabs, could foster the trust needed to begin the peace process, he said, suggesting that the United States and Soviet Union jointly host the international conference. Furthermore, work at the Carter Center has brought together many of the parties. "They never walk out," he said. "They listen to one another very carefully." Finally, he said, President Hafez al-Assad of Syria for the first time has expressed willingness to negotiate directly with Israel on an equal basis to resolve the

Golan Heights dispute, to participate in an international conference, and to accept international observers to ensure both sides abide by their agreement.

"I'm not trying to simplify an extremely complicated issue," Carter said, "but if the United States uses its maximum influence and spells out a forum or a procedure that would guard the sensitivities and the legitimate interests of Israel, then I don't think it's impossible at all, and it ought to be done."

Civil wars

He spoke with less optimism about other conflicts, which he called "a horrendous present cancer in the world's political breast." The day before Iraq invaded Kuwait, he said, 112 civil wars were being waged around the world. In 30 of them, more than 1,000 people had died and sometimes, many more than that. A million have been killed in the Ethiopian civil war, and more than 200,000 died in one year alone in the Sudan.

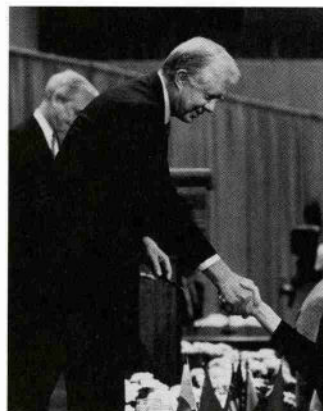
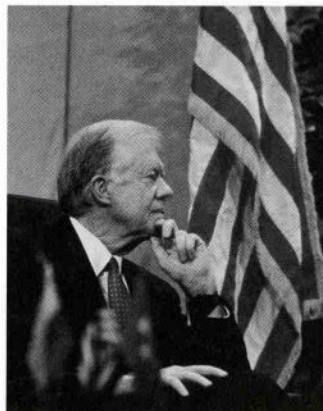
"But the most disturbing factor is that no one has been dealing with those wars except in extraordinary circumstances," he said. The charters of the United Nations

and most other world organizations forbid members from talking with groups trying to overthrow the governments of member nations, he said. "You can't negotiate or mediate or even orchestrate a meeting between revolutionaries and the government unless you can talk to both of them. Sometimes the revolutionaries are unsavory. Sometimes the government is unsavory. But there has to be some mediation, some entity that can do it."

The Carter Center has stepped into this area in an attempt to do what governments cannot, he said. Much of its initial focus has been on Latin America.

Human rights

"We have tried to inject into this hemisphere a deeper, more penetrating, and more effective commitment to democracy, peace, and human rights," Carter said. He described the work of the Council of Freely Elected Heads of Government, a group of 19 current and former leaders from the Americas organized by Carter and former President Gerald Ford. The council oversaw free elections and peaceful exchange of power in Nicaragua and Haiti. It also provided official observers in the



Former President Jimmy Carter engages in an exchange of ideas with Polish Deputy Chief of Mission Maciej Kozlowski.



"One of the greatest tragedies...is the uncrossable chasm that exists between well-off people on the one hand and the poverty-stricken, needy people on the other hand who have very little influence, who are not articulate, and quite often are totally ignored."

election that eventually led to the downfall of Gen. Manuel Noriega in Panama.

The collective influence and prestige of the council's 19 members have made it effective, he said, but in the area of human rights violations, no voice is more effective than that of the president of the United States.

"Our country did not invent human rights," Carter said. "Human rights invented our country. This is a very profound thing that Americans ought to remember, and we should be the champions of human rights at all times.... What oppressed people fear most is silence from Washington. What oppressors want most is silence from Washington. If the president of the

United States doesn't speak out on the basic human rights questions, there is no other voice on Earth that can have a profound impact and redress those kinds of grievances."

Poverty

Other emphases of the Carter Center have included the alleviation of hunger and disease in the Third World. He described a program that triples grain production in a single year by introducing farmers to concepts such as seed selection, row tillage, and moderate application of fertilizer.

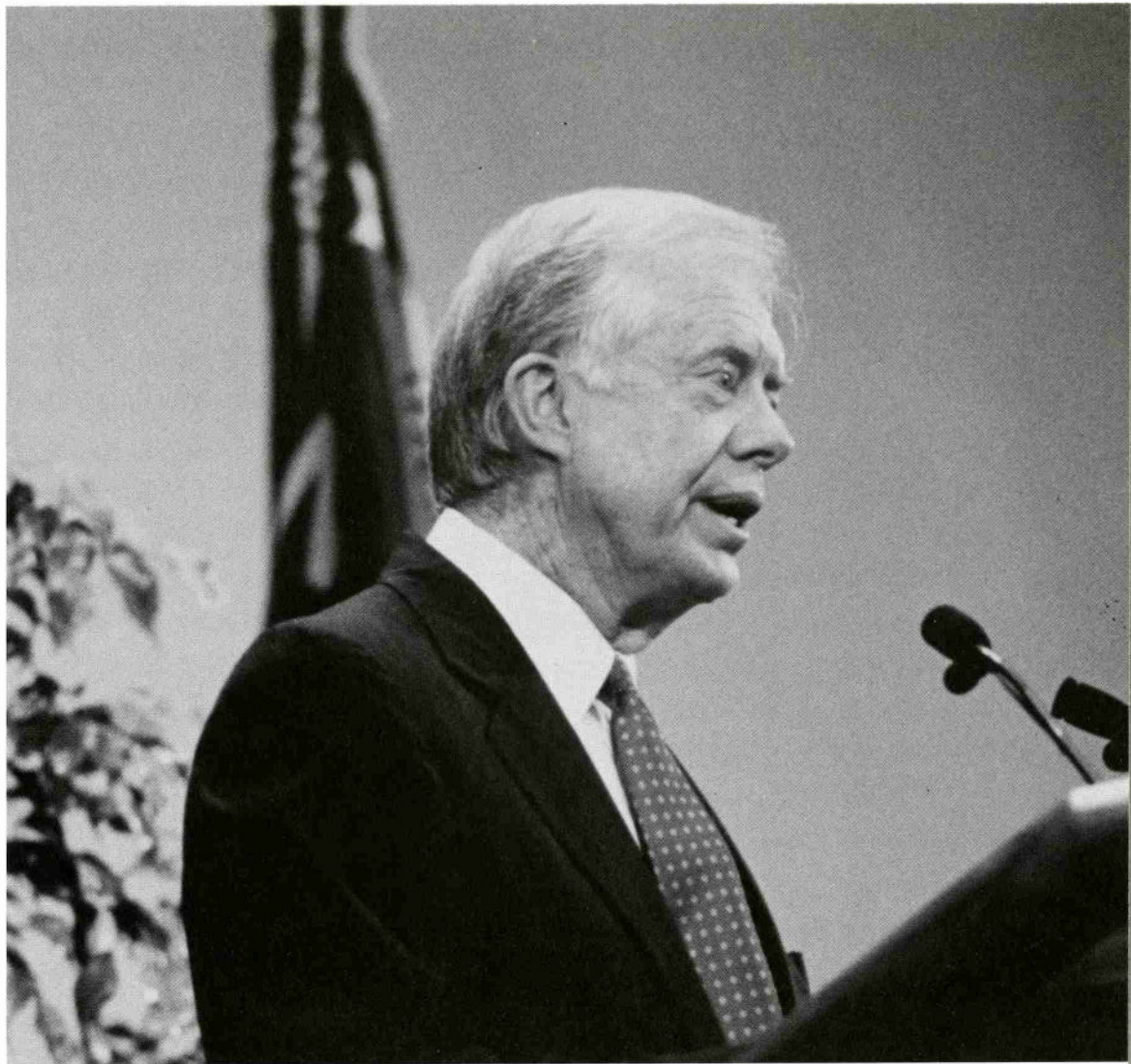
"One of the greatest tragedies that I recognized as president and that I still recognize is the uncrossable chasm that exists between

well-off people on the one hand and the poverty-stricken, needy people on the other hand who have very little influence, who are not articulate, and quite often are totally ignored," Carter said.

"And that doesn't just exist between the United States, for instance, and Ethiopia or Haiti. It also exists in Atlanta, Ga., and in Raleigh, when people who are secure, who are self-assured, who have a good home, who have plenty to eat, who have a good education, whose children have a bright future are living almost two or three blocks away from people who have none of those advantages, and we never know each other."



EIF Chairman Jim Hunt and Chancellor Larry Monteith listen intently.



Jimmy Carter: "Our country did not invent human rights. Human rights invented our country."

"We've got to have a commitment as a nation to be at peace. And I don't see peace as a sign of weakness. It's a lot easier to wage war than it is peace."

The new world order

In answer to a question, Carter called the rise of Mikhail Gorbachev perhaps one of the most profound political events in history.

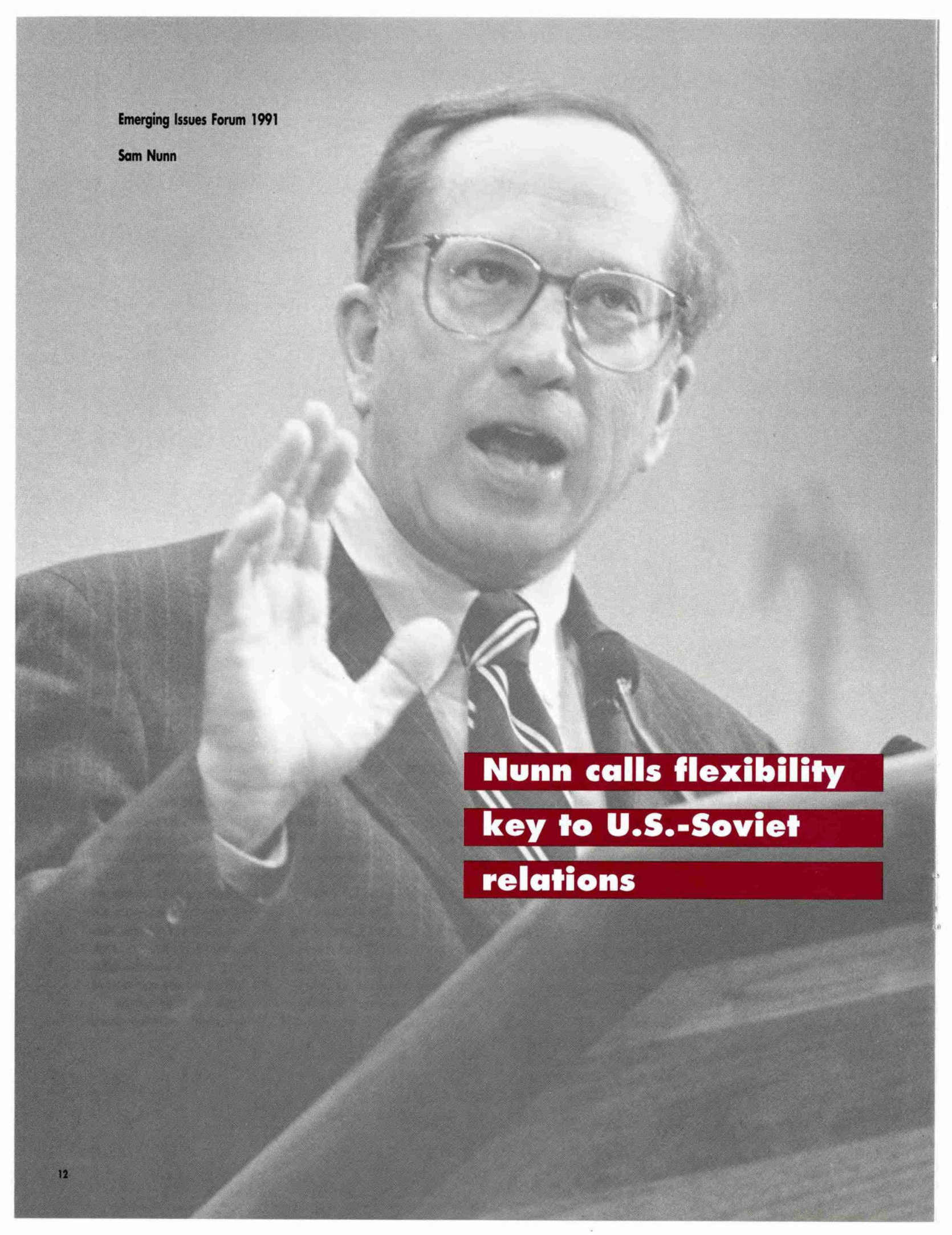
"Although he failed internally..., as far as the global situation is concerned, his impact has opened up tremendous opportunities that have not been lost," Carter said. "He insisted that his own troops get out of Afghanistan, that the Vietnamese withdraw from Kampuchea. He applied glasnost or openness or democratic opportunities to Eastern Europe.... He insisted that all the previously negotiated nuclear arms control agreements be honored

meticulously. He's been quite averse to the deployment of destructive weapons in outer space....

"And I think that has brought about the phrase that President Bush has used in such good faith: 'Let's have a new world order now.' He was contemplating harmony and cooperation between the United States and the Soviet Union joined in by our multiple allies on both sides with the neutral countries breathing a sigh of relief that the threat of a nuclear holocaust in effect was over. That's a basis on which we can build for the future."

Despite other problems—including fiscal constraints—that both countries face, Carter said, opportunities remain.

"If we can see some reduction in the commitment of weaponry in the future, then we will have money enough to improve housing, to improve freedom, to promote the holding of elections and negotiation of disputes, the elimination of disease, the feeding of the hungry, and the promotion of human rights. I think those are the kind of things that offer us the opportunity of a new world order."



Emerging Issues Forum 1991

Sam Nunn

**Nunn calls flexibility
key to U.S.-Soviet
relations**

"The United States has spent a whopping \$4 trillion since World War II in protecting Western Europe and in trying to bring about an evolutionary change in Eastern Europe. These goals have been essentially accomplished, but the ultimate tragedy would be for us to fumble the ball at the end of the fourth quarter just as the game is about to be won."

—Sam Nunn

The question came late in the session. In view of the overwhelming public support for the war in the Persian Gulf, someone asked, did Sam Nunn still believe he acted properly in voting against the congressional declaration of war?

Nunn, chairman of the Senate Armed Services Committee, didn't blink. "We in elected positions owe people not only our vote but our judgment," he said.

In Nunn's judgment, serious challenges to world peace and security would remain at the conclusion of the war. In his speech, he outlined what he saw as appropriate U.S. policies in response to those challenges. They included:

- Flexibility toward the Soviet Union and continued support for the emerging democracies of Eastern Europe.
- Establishment of regional security arrangements in the Middle East, including resolution of the Arab-Israeli conflict.
- Enforcement of international arms control agreements and measures to prevent accidental launches of nuclear weapons.

He said he hoped the United States would learn from the mistakes that led to war. "Our nation's political analysis and diplomatic efforts in the Persian Gulf left much to be desired on the eve of the present crisis," he said. "We must learn from this painful lesson and do our utmost to ensure that it is not repeated. The time to deter dictators and to stop dictators is before they strike, not afterward."

The Soviet Union

Gorbachev's attempt at gradually changing the Soviet system has failed, Nunn said. As forces for liberalization demand speedier reform, he said, Gorbachev appears to be backing off. "We're at the stage now where no one can say with great confidence what will happen in the Soviet Union."

Even the most optimistic Americans must be prepared for setbacks, he said, and as a result the United States must remain flexible in its response. "We'll have to be able to move with events within a certain overall framework."

He said:

- "We should engage Gorbachev when it is clearly in our interest to do so." That means working with him on

arms control, peace in the Middle East, and the resolution of other international conflicts, he said.

- "Any economic assistance to Gorbachev, however, and to his central government should be carefully measured and calibrated to serve genuine humanitarian purposes as well as to further the cause of meaningful political and economic reform."

- "We should support and assist those who favor liberalization, democracy, and the establishment of a true market economy in the Soviet Union and in the republics." While encouraging Gorbachev, Nunn said, the United States should not lock itself into dealing with only one government source.

- "We shouldn't deceive ourselves into believing that we are going to tell them how to run their country.... No one really knows precisely how you move from a totalitarian, communist, centralized market economy to a free market economy."

Finally, he said, while attention is focused on the Soviet Union and the Persian Gulf, Eastern Europe must not



U.S. Senator Sam Nunn greets N.C. Senator Howard Lee.



Ellis B. Cowling, NCSU Distinguished Professor. One face in the crowd of over 1300 conference attendees.

be neglected. "The United States has spent a whopping \$4 trillion since World War II in protecting Western Europe and in trying to bring about an evolutionary change in Eastern Europe. These goals have been essentially accomplished, but the ultimate tragedy would be for us to fumble the ball at the end of the fourth quarter just as the game is about to be won. Yet this could happen if we get so preoccupied with other areas of the world that we turn our back on Eastern Europe and particularly on Poland as it leads the struggle toward a market economy and political liberalism."

Successes thus far in Poland should stimulate U.S. aid, he said, for success or failure there will set the example for the rest of Eastern

Europe and the Soviet Union. With these encouragements in Eastern Europe, the evolution of the European Community must be pursued carefully, he said. "The Iron Curtain that has now come down must not be replaced with an economic curtain between Western Europe and Eastern Europe or, for that matter, the United States and the others."

The Middle East

As the war in the Persian Gulf approached its climax, Nunn said that what followed would be just as important as the battle itself. He quoted columnist George Will: "To know the military winner of a war is not to know the outcome."

After outlining sources of tension in the Middle East, Nunn said, "In short, when the war is over, the Middle East will remain unstable, and America cannot simply pack up and come home."

The coalition's top priority, he said, should be a regional security arrangement led by Arab ground forces with the Western powers lending air and naval support from offshore. The arrangement should include verifiable arms control and regional economic cooperation, he said.

"Regional stability and prosperity will be difficult to achieve, however, so long as the Arab-Israeli-Palestinian conflict is unresolved," he said. "Left unaddressed, this problem polarizes and radicalizes the peoples of the region. It provides cover for

"Our response to the growing threat of the proliferation of weapons of mass destruction and the means to deliver them must combine alert diplomacy and deterrence, punitive economic measures, and active military defenses."

militarization and military rule. It fuels an even more lethal arms race."

The model for U.S. involvement should be the Camp David Accords, he said, "Steady but flexible. Strong but not domineering."

Arms control

The war in the Persian Gulf, Nunn said, has brought to the fore the serious threat posed by the uncontrolled spread of advanced weaponry. "Our response to the growing threat of the proliferation of weapons of mass destruction and the means to deliver them must combine alert diplomacy and deterrence, punitive economic measures, and active military defenses," he said.

He called for a more effective international

coalition to restrict arms sales and the transfer of technology that can enable arms development.

"Equally, if not not more important, we must make concerted efforts to remove the regional sources of tension and conflict that fuel these arm races," he said. "When diplomatic efforts fail, we must be prepared to impose economic penalties on both the countries and the companies that facilitate this kind of proliferation."

U.S. defense efforts, he said, should be directed toward anti-tactical ballistic missiles, such as the Patriots, and the prevention of accidental or limited launches of nuclear weapons. Instability in the Soviet Union emphasized the

importance of the latter element, he said.

"The most important arms control agreement we might ever sign with the Soviet Union could be a simple one-page document in which we both pledge unilaterally to have our 'command and control' and 'fail-safe' procedures reviewed by people outside the chain of command on a regular basis," he said.

At the beginning of his speech, Nunn had referred to a State Department study 18 months earlier that predicted the universal spread of Western democracy and "centuries of boredom" for the United States. Looking at world developments since then, Nunn said, "America obviously has not started our period of boredom."



Sam Nunn prepares to address the Third General Session of the Forum.

Emerging Issues Forum 1991

Charles Sanders

Ignore Europe

at your peril,

Sanders tells

U.S. business

"America's future lies as much beyond our borders as within them. This is the lesson for 1992."

—Charles Sanders

It's now or never for American business to expand into Europe, Charles Sanders said in the closing address of the Emerging Issues Forum.

"The important lesson of 1992 for us today is that Europe, whether one nation or 12, is a market too big to ignore," he said. "The potential opportunities 1992 will provide are endless, but the risk for every American company is simple: Namely, if your company isn't there to take advantage of the opportunities when they arise, you've missed the boat. The time to branch out, to look beyond our borders, is now. 1992 will be too late."

Sanders, CEO of Glaxo Inc., the pharmaceutical company headquartered in Research Triangle Park, was simultaneously reassuring and challenging. He brushed aside both the alarmist warnings and glorious visions of what unification of the European Community in 1992 will mean. Persistent differences in tax structure and social policy, among other stumbling blocks, likely will prevent these Western European nations from creating the "economic colossus" many fear, he said. On the other hand, he said, cultural differences also will endure, keeping the consumer market fragmented.

With the possibilities so broad, American business should not try to set its strategies according to the eventual shape of the EC, Sanders said. Instead, he said, "European unification...is a call to action for American business, a reminder that we can't afford to ignore a growing and interactive global economy."

Glaxo's British parent company, Glaxo Holdings, provided Sanders with an example of the path that action might take. In the mid-'60s, Glaxo's management set about transforming a diverse company doing business in the commonwealth into a global pharmaceutical giant. Their steps included:

- Streamlining. They sold off all divisions unrelated to prescription medicines.
- Creation of "a massive research machine." In 1991, Glaxo will spend \$1 billion on research worldwide. The U.S. research budget totals \$250 million, "and that's growing."
- "Purposeful expansion into international markets" that took into account the characteristics of each market. In Japan, they formed a partnership with a Japanese company. In the United States, they bought an existing small company and established co-promotional

agreements with others.

- Establishment of a corporate culture that allows each subsidiary to operate independently, "in an entrepreneurial fashion," and to be run by local managers.

"The result?" Sanders said. "From a company with no future in the mid-'60s, Glaxo became what it is today: the second largest prescription drug company in the world with operations in more than 150 of the world's nations." In the United States, where the company lost money the first five years of operations, he said, it now earns \$2.5 billion a year. It also has grown from the 69th pharmaceutical company here to the fourth largest.

"It wasn't easy, or cheap, or quick," he said. "It took 20 years and billions in investment. And that's why the time to start thinking about Europe is now."

"With or without a truly federal Europe, we at Glaxo believe that Europe's national boundaries will continue to persist in some form for many years to come. And those boundaries will continue to matter for anyone who wants to do business there. But do business there we must. America's future lies as much beyond our borders as within them. This is the lesson for 1992."



Dr. Charles Sanders, Glaxo Inc. CEO, addresses the Forum.



Emerging Issues Forum 1991

Madeleine Korbelt Albright

**Eastern European
democracies emerge
full of promise,
problems**

"Our national security agenda is going to be the strength and security of this country, how we keep our fabric of society pulled together, how we live in an increasingly interdependent world, and for that we have to understand that we need a new relationship with Europe."

— *Madeleine Albright*

First the people of Poland ripped apart the Iron Curtain. Then East Germans broke through the Berlin Wall. In the end, the entire communist bloc of Eastern Europe crumbled. In place of totalitarian regimes emerged new democracies, full of promise but plagued with problems. How did these startling events take place? What remains to be done if the revolutions are truly to be successful? And what of the Soviet Union, whose experiment with liberalization allowed these changes to take place? Can reforms work there as well?

Several speakers addressed these questions and others during the 1991 Emerging Issues Forum. Here are some of the major points touched on by:

- **Herbert S. Okun**
U.S. ambassador to East Germany, 1980-83.
- **Maciej Kozłowski**
deputy chief of mission, Polish Embassy in Washington, D.C.
- **Stephen Rhinesmith**,
ambassador, U.S.-Soviet Exchanges.
- **Madeleine Korbelt Albright**
president of the Center for National Policy.

The victory in Eastern Europe

The importance of Solidarity

Maciej Kozłowski called the Solidarity movement one of the most important events in the history of the world. It overthrew a totalitarian regime "without a single window pane broken," he said. "I never heard of a case in history where such a major change in the world took place without bloodshed, without violence. ... That is the importance of the event—because what happened in Eastern Europe has shown there is a possibility of shaping the history of mankind without fighting for it, or of fighting for it without violence."

Why communism failed

Herbert S. Okun attributed the overthrow of communism in Eastern Europe to a number of factors, among them the ever-present "pockets of dissent" fostered by contact with the West, "great individuals who were able to put themselves at the head of mass movements," and religion—both organized and unorganized. "But I suppose if one had to pick the largest single failure of the former communist

countries, it would be in the economic sphere because when all is said and done, how one lives is very important, and the kind of future it gives to your children is very important."

The future of communism

"Communism was based on the premise that the communists ruled because they are prophets...that they know the course of history. That has gone, and it cannot be rebuilt."—Maciej Kozłowski

The importance of international contact

While the overthrow of communism resulted directly from an internal mass movement of a people long repressed, the West played a role. Okun said dissent in the East was nurtured by human contact with the West in the form of home visits, university exchanges, foreign and domestic media, and international research programs. "It is much harder now for dictatorial governments of any stripe, right or left, to keep their people isolated,"



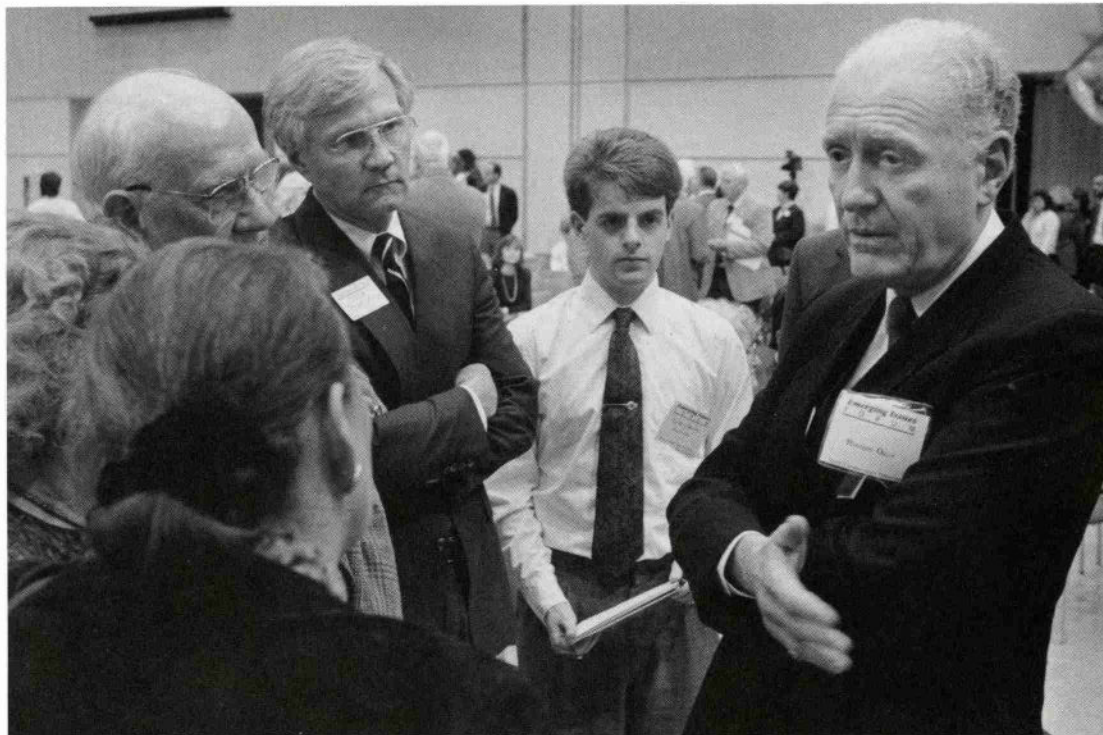
Tom Lambeth and Stephen Rhinesmith

"I would like to thank you very much for what you have done these many, many years that you have made this transition possible. This money invested in scholarships, grants, radio stations, books, research was, I think, the best money for your security you ever spent."

—Maciej Kozlowski

"...these longer term trends ...were able to work themselves out without a world war. Let's not forget that. It was no mean achievement to defeat Mr. Stalin and Mr. Khrushchev and Mr. Brezhnev and their successors without war, but we did."

—Herbert Okun



Herbert Okun: "For the short run, the economic situation is the political situation."

he said. "... Ideas cannot only travel..., but they travel directly into people's minds, into people's hearts, and these are very powerful and very revolutionary ideas."

The U.S. role

"For 40-some-odd years, Americans gave willingly of their tax money, of their blood, and their treasure to maintain freedom in Europe in a military sense. And I think that was correct, and I think it worked, because behind the barrier of NATO these longer term trends ...were able to work themselves out without a world war. Let's not forget that. It was no mean achievement to

defeat Mr. Stalin and Mr. Khrushchev and Mr. Brezhnev and their successors without war, but we did."—Herbert Okun

Kozlowski thanked the United States, particularly the economic community: "It understood its best investments for the future of peaceful development are not the missiles, are not the arms that are necessary, but the investment in this very invisible yet in that time democratic structures." The books, research, and educational exchanges "produced that class of people in some of the East European countries which made this transition possible. It is Fulbright

Scholars who actually started to govern Poland, and I think if you had as many Fulbrighters in Romania, you wouldn't have the bloody events there. I would like to thank you very much for what you have done these many, many years that you have made this transition possible. This money invested in scholarships, grants, radio stations, books, research was, I think, the best money for your security you ever spent."

The challenges for Eastern Europe

"I never heard of a case in history where such a major change in the world took place without bloodshed, without violence. ... That is the importance of the event—because what happened in Eastern Europe has shown there is a possibility of shaping the history of mankind without fighting for it, or of fighting for it without violence."
—Maciej Kozlowski

The morning after

"For us it is now obvious that it is much easier to overthrow communism than to build a viable democratic system and a working system instead of it. That's the real challenge."—Maciej Kozlowski

The task ahead

"A lot of the euphoria is gone from the last year or so, not only because of Gorbachev's crackdown in the Soviet Union but because of the practical difficulties that we see emerging in the new democracies in Eastern Europe. A lot of unlearning as well as relearning has to be done. ... An old joke about Eastern European government goes this way: 'They pretend to pay us, and we pretend to work.' It's different now, and obviously one has to learn new attitudes, and these attitudes aren't easy to learn. I think for the short run the economic situation is the political situation. They simply have to bring themselves up, and it's not going to be easy."—Herbert Okun

Not only a system of government, but a way of life collapsed with the fall of communism, Maciej Kozlowski said. "That system, which was oppressive, which was inefficient, which was terrible, anyway gave us a kind of stability and security. You knew how to behave in that system. Now we are living in a new system which is now being born, and we simply do not know how to behave."

"Nobody has ever moved from a centrally planned economy to a free market economy. It's easy to say, 'Let's demonopolize and turn everything over to private institutions.' They don't know who the owners are. They don't know how to pass their privatization legislation. And they are involved in something which, if you put yourself in their position, is tragically difficult. They have had revolutions, but almost invariably every day and in every way, their standard of living is going down. That is very hard to deal with." —Madeleine Albright

The pressure on Poland

"We're mice in a laboratory.... We have to build certain institutions and a certain way of doing things, not in years, as in all other countries, but in months or weeks. In the United States it took a hundred years to establish a more or less working electoral system. We have to do it in two weeks."—Maciej Kozlowski

What's needed

Kozlowski said Poland needs political stability, a massive influx of capital, and a reduction in foreign debt. "We can't pay out 60 percent of our export earnings to the foreign creditors and develop the country."

Fears for the future

Although communism poses no threat of returning, Kozlowski said, "there are deep dangers." Nationalism. Anti-Semitism. Old and bitter quarrels. "A rightist authoritarianism might come up. That is what I am afraid of. So it is not yet settled that we will have a working sound democracy and a sound economic system."



Betty Owen, Forum Director, and Betty Lou Ward exchange greetings.

The added problems of the Soviet Union



Stephen Rhinesmith: "...there is enormous fear, enormous anxiety, and enormous frustration about change... ."

"I believe Gorbachev is a reformer to the depths of his soul. ...(But) last fall he showed his weakness: He lacks the resolve to throw his country into chaos to achieve reform."

—Stephen Rhinesmith

The overall problem of reform

"The reform process in the Soviet Union is a victim of what it has been in the past. It has created people who were dependent, who were subservient, who lacked initiative, who were apathetic, people who have valued equality over equal opportunity, and people who were unable to participate in the political process. And now Gorbachev has called on them to be motivated, to participate, to take on responsibility, to be independent, and they are having enormous, enormous difficulties."—Stephen Rhinesmith

The differences between Poland and the Soviet Union

Stephen Rhinesmith noted two fundamental differences:

No. 1. "In Eastern Europe, we're looking at a situation which is essentially post-World War II. So there are people in Eastern Europe who remember what it was like to have a different kind of system. But in the Soviet Union (after 75 years of communist rule), we don't have anyone who remembers what it was like to live in an alternative system. There is no basis of experience, and as a result there is enormous fear, enormous anxiety, and enormous frustration about a change away from the only way of life they have ever known."

No. 2. "The Polish people are reasonably

homogeneous and stand together. ... The problem in the Soviet Union with 100 different nationalities is that you impose the kind of hardship on those nationalities, and you will have enormous civil and social violence and unrest as they all go after one another as the reason for their own misery. There has been no experience in cooperative work together, very little experience in managing diversity, and practically no experience in intergroup conflict resolution."

The Soviet's understanding of a market economy

"The people lack the understanding of the linking of certain hardships with

certain gains and therefore are unwilling to make that sacrifice."—Stephen Rhinesmith

Fear and frustration

"People who yesterday were contributing members of a society today are economic blocks. People suddenly have been transformed overnight into incompetents. ... From a human perspective, their reaction is not only fear and resistance, but also a certain sense of existential crisis about who am I and who will I be and what does it mean for me....

"There is also a second aspect...which is to go from world socialist leader and everything that means for

national pride to economic capitalist novice. The whole country. It's not just a few individuals who are being asked to change their self-concept.... And it results in the kind of nationalist movements that we see rising up....

"They are reactionaries to the reform process, but they are also representing, I think, some of the deep, deep psychological hurt that people go through when they're told that what they have been is no longer respected and appreciated on a personal level in the world today."—Stephen Rhinesmith

Political change

"They're being asked to move from totalitarianism to a democratic political culture and from political union to

potential ethnic pluralism and maybe separatism and disunion.... Gorbachev said three years ago that one of the greatest challenges of the reform process would be developing a political culture. And one of the reasons he's given for the political crack-down is...the people can't handle a democratic political culture. And he's not all wrong."—Stephen Rhinesmith

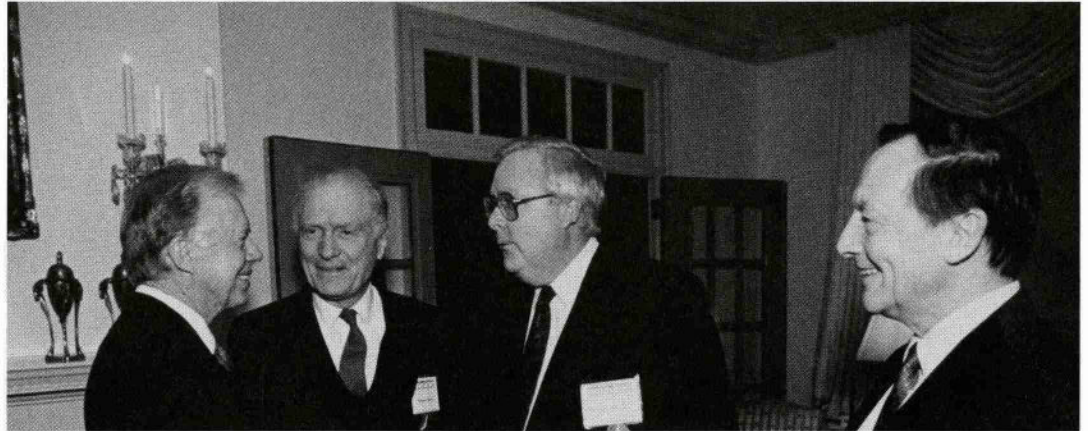
Gorbachev

"I believe Gorbachev is a reformer to the depths of his soul. ...[But] last fall he showed his weakness: He lacks the resolve to throw his country into chaos to achieve reform."—Stephen Rhinesmith



Question-and-answer sessions followed each presentation.

The challenges for America



"...we have a certain kind of moral obligation. After all, we told the people of Eastern Europe during these four decades of Cold War—we told them to join us, be free, adopt our way of life. And they've done that, again in freedom and without violence."

—Herbert Okun

The continuing importance of Eastern Europe

"I think the situation there is as important, perhaps, as it ever was, even though the last Soviet military threat has been removed. I think it's important because we have a certain kind of moral obligation. After all, we told the people of Eastern Europe during these four decades of Cold War—we told them to join us, be free, adopt our way of life. And they've done that, again in freedom and without violence."—Herbert Okun

"I think it is important for U.S. and world stability for the United States to play a role in Central and Eastern Europe, and now I think is our opportunity because everything is so fluid."—Madeleine Albright

Areas where the U.S. can help

Madeleine Albright outlined a number of possibilities:

Economy—"We have the ability to help them tremendously in the process of privatization and setting up vital businesses and helping them develop a series of functional ways of having private companies work....

They will also be looking for new trading partners."

Environment—"The economy and environment go together. We have a massive opportunity to help them develop entirely new environmental policies. They have to change all their ... smoke-belching, energy-using industries."

Education—"There is a tremendous need for changes in their education system. ... These are highly literate and trained societies... (but) they have in effect been studying a social policy that does not fit with entrepreneurship, with a sense of the worth of the individual, where the relationship between the individual and the state is not one of dominance but partnership. ... American and Western educators can make a difference in helping them redesign their curricula and at the same time create what they talk about as a new mentality."

American business

"American capitalists are risk averse. There is no desire to go in there and try it out. ... The Germans, the Japanese, and the people from Hong Kong are trolling in central

and Eastern Europe, and they go back everyday, and they are not put off by the fact that appointments are canceled or that deals are difficult to make. Americans are very skittish about all that."—Madeleine Albright

"First, we think in terms of too complex projects and ideas. We need to keep things as simple and specific as possible. ... Secondly, we have to redefine what we think of as partnership. We really believe that partnership means 50-50. In the Soviet Union, partnership is 95 percent on our side, 5 percent on theirs... because they don't have resources, they don't have the experience, they don't have the training. Third, you've got to be there to make it happen. Don't expect to go to the Soviet Union, have a discussion, lay out a project, come home, go back in three months, and have the other side all developed. ... And third, you've got to have deep pockets."—Stephen Rhinesmith

The government's role

"There has to be a willingness in our government to help support Ameri-

"We must have a vision that creates events rather than allowing events to create our vision."

— Daniel T. Blue, Jr., Speaker of the North Carolina House of Representatives



Daniel T. Blue, Jr.

can investment abroad and to be partners of the Americans through various guarantee programs."—Madeleine Albright

What the U.S. government has done

"Frankly, given that fact that this is what the Cold War was about, we have spent very little money on this. Even with the double counting that our government is capable of doing, we have given, maximum \$1.5 billion to Eastern and Central Europe in the last two years, and these are two countries which theoretically we wanted to liberate from communism and why, to use Senator Nunn's figure, we have spent \$4 trillion in Western Europe."—Madeleine Albright

The problem of emigration from east to west

"It would be the crowning irony if Western Europe and to a lesser degree the United States were overwhelmed not by the Russian army, but by poverty-stricken people coming from the poor former communist countries in search of a better life."—Herbert Okun

The future

"We're talking about a situation that will take a generation to change. ...The only thing that will guarantee its fundamental evolution is the participation of the rest of the world in the internal development of the Soviet Union."—Stephen Rhinesmith

"If we abandon Europe at this time, we are abandoning the largest markets, the largest possibilities for cooperation, the largest possibilities for partnership, in an era of interdependence where one thing we're going to have to do is redefine our national security agenda. Our national security agenda is not going to be the number of missiles that we have or how much we fight the Soviet Union. Our national security agenda is going to be the strength and security of this country, how we keep our fabric of society pulled together, how we live in an increasingly interdependent world, and for that we have to understand that we need a new relationship with Europe."—Madeleine Albright



Conference break time gives opportunity for further discussion by participants.

Emerging issues for Eastern Europe

- Learning to transform a state-run economy into a free-market system.
- Creating viable democratic institutions.
- Overcoming nationalism and other threats to peaceful transition.
- Learning to take individual responsibility and make choices.
- Conquering the fear and frustration that result from radical change.

Emerging issues for the United States in Eastern Europe

- Finding ways to assist the transition through public and private initiatives.
- Learning new systems of cooperation.
- Redefining national security.
- Developing flexible policies to deal with uncertainties.