ISOLATION OF IRAO ONLY WAY TO END CRISIS PEACEFULLY (Text: Baker House Foreign Affairs remarks)

Washington - Secretary of State Baker says the "coordinated and comprehensive international isolation of Iraq is the only peaceful path" to ending the crisis in the gulf.

"Diplomatically, we have worked from the beginning to foster a coordinated international response to Iraq's aggression," Baker told the House Foreign Affairs Committee September 4. "The results have been extraordinary and unprecedented."

He said the United States is gratified by "the responsible and productive work we have been able to undertake" with the U.N. Security Council, as well as "the support the Arab League and the Non-Aligned Movement have provided."

Explaining what is at stake in the gulf, Baker made these points:

- "Iraq's unprovoked aggression is a political test of how the post-Cold War world will work."
- "Intimidation and force are not successful ways of doing business in the volatile Middle East -- or anywhere else."
- Economically, the world is dependent on access to the gulf's energy resources.

Following is the text of Baker's remarks:

I have come here today to speak to you - and through you to the American people - about the conflict in the Persian Gulf and what it means for the United States.

I would like to use my statement today to place this crisis in a larger context. The entire world has mobilized to redress aggression against a small country in a very distant place. Already, of course, we're paying higher prices when we pull up to the local gas pump. And as you have pointed out as well, thousands of our finest young men and women now stand guard in the heat of the Persian Gulf.

The president has made it plain that we have a straightforward responsibility to the American people. Openly and clearly, we have a duty to state what is at stake as a result of Saddam Hussein's invasion of Kuwait. We have indeed a duty to tell our people what our immediate goals are in this conflict, and we have, as well, a duty to explain how we plan to achieve those goals in order to further our long-run interests in the Gulf and beyond.

So let me start, if I might, by discussing what's at stake. First, Iraq's unprovoked aggression is a political test of how the post Cold War world will work. Amidst the revolutions sweeping the globe and the transformation of East-West relations. I think we stand at a critical juncture in history. The Iraqi invasion of Kuwait is one of the defining moments of a new era, a new era full of promise but also one that is replete with new challenges.

While the rules of the road developed during the Cold War did, in the end, preserve East-West peace in Europe, the task now is to build an enduring peace that is global in its scope and not limited just to Europe and not rooted in confrontation and tension.

If we are to build a stable and more comprehensive peace, we must respond to the defining moments of this new era, recognizing the emerging dangers that are lurking before us. We

are entering an era in which ethnic and sectarian identities could easily breed new violence and new conflict. It is an era in which new hostilities and threats could erupt as misguided leaders are tempted to assert regional dominance before the ground rules of a new order can be accepted.

Accordingly, we face a simple choice. Do we want to live in a world where aggression is made less likely because it is met with a powerful response from the international community, a world where civilized rules of conduct apply? Or are we willing to live in a world where aggression can go unchecked, where aggression succeeds because we somehow cannot muster the collective will to challenge it?

Sadly, Saddam Hussein's attack on Kuwait will not be the last act of aggression that international society will face. So long as ruthless aggressors remain, the reality of international life is such — is that such predatory designs are going to emerge from time to time. But the current crisis is the first opportunity to limit such dangers, to reinforce the standards for civilized behavior, found in the U.N. charter, and to help shape a more peaceful international order built on the promise of recent trends in Europe and elsewhere. So it's our view, that we must seize this opportunity to solidify the ground rules of the new order.

Second, from a strategic standpoint we must show that intimidation and force are not successful ways of doing business in the volatile Middle East or, for that matter, anywhere else. The combination of unresolved regional conflicts, turbulent social and political changes, weapons of mass destruction, and much of the world's energy supplies, makes the Middle East particularly combustible. No one is immune from conflicts in the Middle East. And no one can feel safe when the danger of war escalating in the Middle East is so high.

If we want to encourage peaceful change, and to preserve the security of all of our friends in the area, we are going to have to remain a reliable partner for peace. We must help demonstrate that Saddam Hussein's violent way is an anachronism rather than the wave of the future.

Third, and perhaps most obviously, what is at stake economically is the dependence of the world on access to the energy resources of the Persian Gulf. The effects on our economy and our people, as I mentioned, are already being felt. But, this is not about increases in the price of a gallon of gas at the local service station. It is not just a narrow question of the flow of oil from Kuwait and Iraq. It is, rather, about a dictator who, acting alone and unchallenged, could strangle the global economic order, determining by flat whether we all enter a recession or even the darkness of a depression.

A sustained oil price spiral similar to what happened in 1973 and again in 1979 could easily cause higher inflation and interest rates worldwide, sending all of us into a sustained recessionary slide. The burden could become particularly great for the new democracies of Eastern Europe, threatening to undo the democratic revolutions of 1989. It would also be painfully felt in the poorer countries of Central America, South Asia and Africa, threatening those who are now embracing market oriented reforms and striving to improve living standards for their impoverished millions.

Simply put, these are the stakes raised by Iraq's invasion against Kuwait. So, the question is, I think, how have we and the international community responded to them?

For the United States, the president has identified four immediate objectives or goals.

First, the immediate, complete, and unconditional withdrawal of all Iraqi forces from Kuwait, as mandated in U.N. Security Council Resolution 660:

to secular liberals, have voiced support for the restoration of the government. An indigenous Kuwaiti resistance has emerged. It carries on the struggle against liaq aggression from inside Kuwait. Moreover, the government of Kuwait in exile is providing financial aid to support our military effort and to help alleviate economic disruptions that have occurred in states such as Egypt.

In short, Kuwait has been occupied - Kuwait has not been conquered.

The political coalition, bound by the principle that Saddam Hussein must be denied the fruits of aggression, has created an economic embargo under U.N. auspices that is solidly in place. Iraq's import-dependent economy is beginning to feel the strain, and international pressures will continue to grow over time as shortages mount. Sanction-busters may be tempted by the lure of financial profits, as they always are, but Security Council Resolution 665, which permits enforcement by all appropriate means, should ensure that Iraq's opportunities to export its oil and import key materials will be severely constrained over time.

Saddam Hussein's aggression has exacted a broad range of economic costs for countries across both the region and the globe. The destruction of the Kuwaiti economy by Iraqi invaders has caused major economic dislocations for our friends in the region, notably Egypt and Turkey. Other countries with fragile economies, especially in Eastern Europe, are bearing some very, very heavy costs. The need to offset the burden of our own military efforts must also be addressed. As the president announced last Thursday (August 30), we've initiated an action plan to meet these needs. Our friends around the world have been responding, and they continue to respond. Saudi Arabia is meeting a large share of the fuel costs for this effort, and other Gulf states are providing fuel and financial resources to the affected states.

The president has asked Secretary Brady and myself to go to key nations in the Gulf, in Europe, and in Asia to help mobilize and coordinate the international effort. We will attempt to ensure that the cost and responsibilities are shared equitably and that our various efforts complement one another. The aim is to address the vital needs of affected parties and to maintain the solidarity of the international coalition. Time can be on the side of the international community. Diplomacy can be made to work.

On the military track, over 25 countries are now supplying men and material in support of the Security Council resolutions. U.S. military objectives are to deter an Iraqi attack on Saudi Arabia and to ensure the effective implementation of the U.N. sanctions. Our military forces are also there to protect American lives and to provide an effective and decisive military response should Iraq escalate its aggression to active combat with the multinational force.

Once the present danger passes, however, we cannot let its lessons go unheeded. We have a responsibility to assure the American people that a decade from now their sons and daughters will not be put in jeopardy because we failed to work toward long-run solutions to the problems of the Gulf. The historic international consensus that we've built can become a solid foundation for successfully meeting our immediate objectives and for building a safer future. It can foster a future Gulf environment that will protect our interests and help us avoid having to make this kind of massive diplomatic and military effort again.

In the long run, we seek a stable Gulf in which the nations of that region and their peoples can live in peace and can live free of the fear of coercion. We seek a region in which change can occur and legitimate security concerns can be preserved and preserved peacefully. And we seek a region in which energy supplies flow freely. We will need to work together with governments in the Gulf and outside of it to build a more durable order.

-5-We will want to ensure that our friends in the area have the means to deter aggression and defend themselves, making it less necessary to send American men and women to help them. And we will work with the rest of the regional and international community to prevent further Iraqi expansionism as well as Iraqi efforts to acquire and produce weapons of mass destruction. Resolution of today's threat should also become a springboard for a sustained international effort to curb the proliferation of chemical, biological and nuclear weapons and ballistic missiles in the region and elsewhere. It can become a springboard for revived efforts to resolve the conflicts which lie at the root of such proliferation, including the festering conflict between Israel and its Palestinian and Arab neighbors. It is not enough to demonstrate that aggression and intimidation don't pay; we must show that a pathway to reconciliation and peace does exist and that it can be found with good will and with good faith on all sides. Let me conclude by placing Saddam Hussein's invasion of Kuwait in a historical perspective. For over four decades, the central fact of international relations was the conflict between East and West. The Cold War reverberated across the globe affecting everyone everywhere. Much of America's foreign policy was either driven by, or it was derivative of, our efforts to contain Stalinist aggression. Now, the central dispute of the post-war period, the East-West conflict over the future of Europe, has been transformed. Last year's people power revolutions in Central and Eastern Europe swept away the dictatorships of the past. In their place, the people are finding freedom. Europe is becoming whole and free, and Germany will be united in peace and freedom. An enlightened Soviet leadership has encouraged peaceful, democratic change as the only legitimate road to progress. This administration has actively engaged the new thinkers and reformers in the Soviet Union. Together we are finding common interest which will unite the East and the West. Partnership is replacing conflict in that relation. As I've said many times before, America's role in this sea change in world politics is very straightforward. We must leave behind not only the Cold War, but the conflicts that preceded it. And this is why, as the president has said from the outset, Iraq's aggression cannot stand. The line in the sands of Arabia is also a line in time. By crossing into Kuwait, Saddam Hussein took a dangerous step back in history. Maybe he simply thought the world would consider Kuwait expendable, that we would think of it as just a small far-away country of which we knew and cared very little. Possibly, he remembered the 1930s when the League of Nations failed to respond effectively to Mussolini's aggression against Abyssinia, what is today Ethiopia. Clearly, Saddam Hussein thought that his crime would pay, but the world, has decided otherwise. He must not be allowed to hold onto what he stole. The president has made our position very clear. The world must stand united to defend the principles enshrined in the United Nations charter. In this effort, Mr. Chairman, members of the committee, America must lead and our people must understand that. We remain the one nation that has the necessary political, military, and economic instruments at our disposal to catalyze a successful collective response by the international community. Geographically, we stand apart from much of the world, separated as we are by the Atlantic and the Facific. But politically, economically, and strategically, there are no oceans, and in a world without oceans, a policy of isolationism is no option at all. Only American engagement can shape the peaceful world that our people so deeply desire.

We believe that this coordinated and comprehensive international isolation of Iraq is the only peaceful path to meeting the objectives set by the president. Our efforts, however, are going to take time, and that is what we ask most of the American people. Stand firm. Be patient. And remain united, so that together we can show that aggression does not pay.