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Best Case ...

#### Wishful Thinking for the Bonn Summit

The first of these economic summits, held ten years ago today in Rambouillet under the chairmanship of Valery Giscard d'Estaing, was probably the best one. We met in a very small group in a large living room. None of us was able to speak with television reporters from our own countries, since the press had been kept at a distance. Instead, we had to concentrate on the five other partners, speaking with them and listening to them. We left Rambouillet with the feeling that we understood the world a little better and that we were thus better able to cooperate with one another. The press was not informed until after the summit but it had no shortage of things to report about. Today thousands of journalists travel to the summit locations. Every hour the press spokesmen for the various heads of state and government rush the scripts of statements to their respective national presses. The result is that presidents and prime ministers tend to direct what they say in the summit debates to the public at home in California, the Palatinate or Paris.

This year's summit in Bonn suffers an additional handicap. It was a mistake to schedule it so close to the 40th anniversary of the end of World War II hostilities in the European theater since, in contrast to the 25th and 30th anniversaries, everyone had agreed this time to make it a world day of commemoration. This was followed by a series of further mistakes on the part of White House and the Chancellery staff. The result is that both the host and his most important guest are going into the summit in a phase of

declining domestic and international prestige. In the past three weeks Dachau, Bergen-Belsen and Bitburg have cast dark shadows on the summit, almost completely obscuring the actual issues at hand.

The central theme of all the previous ten summits was always complex, i.e. "What is the world economic situation? How do we view the political situation in the world? How will, how can and how should the world situation develop? What can we do? What is our overall strategy? What compromises do we have to enter into with one another in order to make a viable joint strategy possible?"

Inflationary use of the word "strategy" tends to blind us to the factual absence of a joint "grand strategy" in the West. Trademark strategies, sales strategies, young socialist double strategies, if-you-can't-beat-them-join-them strategies, deterrent strategies, defense strategies -- endless strategies, but at the current time there is hardly any recognizable joint strategy among the major industrial democracies. Instead, the media and the public in our countries are intimidated by continuing visions of nuclear horror.

Worst-case scenarios reign supreme. Worst-case psychoses can be found in places as diverse as the peace movement, Soviet propaganda and Ronald Reagan. The latter's star wars initiative is an attempted response to an obsession with a worst case affecting his own nation, i.e. the case of an intercontinental nuclear missile attack on the United States. It is still not clear whether and under what circumstances Reagan's strategic defense initiative will be able to contribute to the overall security of the world. What is clear, however, is that it cannot contribute to the economic and social welfare or to the freedom of the nations of the world. In other words, it is at best a partial response. At best ...

It is time the Western nations did some joint thinking as to how we can prepare ourselves for response to more than just a small part of all conceivable cases, i.e. more than just a (highly improbable!) worst case. It is time we engaged in joint thinking on how we can enable the world as a whole to move towards a conceivable "best case" on the basis of joint efforts, making use of all the intellectual, diplomatic, economic and military potentials and instruments at our disposal.

If the world is to be kept in overall economic, social and military equilibrium, the West needs internal cohesion in its European, North American and Japanese alliance. It needs joint strategies not only against Soviet expansionism, but also for the welfare of the developing countries in the Third World. Finally, the West needs a coherent concept for its own economic development. None of the elements necessary for this is inconceivable. None of the necessary and possible elements need necessarily conflict with other elements. Since the second half of the 1970s there has been a declining degree of consensus. Thus, it is time that government leaders were again concentrating on the essential. As a person with many years of experience at economic summits, I would like to present a list of possible summit statements which, from my pragmatic standpoint, would, if they were actually adopted, reflect a "best possible summit result".

#### Looking at the Alliance

1. We renew the two-track philosophy of the North Atlantic Council Resolution of December 1966, the way to which was paved by John F. Kennedy, Pierre Harmel and others. We continue to support both "main functions" of the Atlantic Alliance:

a. " ... to maintain adequate military strength and political solidarity to deter aggression and other forms of pressure and to defend the territory of member countries if aggression should occur."

b. " ... to pursue the search for progress towards a more stable relationship ... " (with the Soviet Union and the Warsaw Pact countries).

We reaffirm our statement at that time to the effect that "collective defense is a ... necessary condition for effective policies directed towards a greater relaxation of tensions" and that the involvement of the United States and the Soviet Union in the solution of the problems at hand is indispensable.

2. At the same time we renew Kennedy's concept, i.e. our solidarity is based both on an American and a European pillar. We recognize the need for a third pillar in Japan. None of us will undertake major steps in the external security sector without previously consulting our allies.

3. We invite France to reorganize its armed forces, particularly its conventional forces and reserves, for forward defense purposes in Europe. This should take place together with other Western European armed forces and under the supreme command of a French officer.

Addressed to the Soviet Union

4. We do not strive for superiority. Instead we want a stable balance of military forces in Europe.

5. To this end, we will change the structure and equipment of our armed forces in Europe so that any decision on the actual first use of nuclear weapons will not have to be taken by us. Instead, in the future we want to shift the first-use decision onto the Soviet Union.

6. At the same time we pursue the establishment of a stable security balance on the basis of negotiations and treaties aimed at arms limitations in five areas:

- a. conventional forces in Europe;
- b. nuclear weapons, including INF, in Europe;
- c. strategic nuclear weapons;
- d. space-based weapons;
- e. confidence-building agreements in all of the above-mentioned areas.

We will, however, not enter into any agreements, the complicity with which we cannot verify or monitor by our own means.

Addressed to the Third World

7. We accept and respect genuine non-alignment of any country that decides in favor of this.

8. We will provide economic aid in order to help create acceptable economic conditions in the Third World, conditions that will make a life in dignity possible. We will do this both for moral reasons and for the purpose of preventing the Soviet Communist exploitation of degrading living conditions and Soviet intervention. We will thus continue as well as strengthen official development aid, despite continued non-participation by the Soviet Union.

9. At the same time, we appeal to the countries of the Third World:

- a. to undertake a substantial cutback in military spending, which today amounts to many times more than the amount of development aid received;
- b. to open up their economies for direct investments by foreign companies, making possible a broad transfer both of technology and productive capital.

10. We will not hinder birth control policies in the developing countries and will support every ethically conscionable approach to family planning so that population explosions can be avoided which would predictably trigger economic crises that could no longer be brought under control.

11. We jointly offer the Central American states a Reagan Plan à la George Marshall for the establishment of a viable economic situation that would double per capita GNP levels within seven years.

12. At the same time, we have asked our finance ministers to formulate a proposal aimed at defusing the time bomb contained in the debt crisis. In this context we assume that the debtor and creditor countries as well as the OPEC states bear a common responsibility for the situation that has emerged following the two oil shocks. We are willing to negotiate a General Agreement to Lend which would include debt rescheduling that would delay repayment for many years and provide predictability of annual transfers.

#### Looking at Our Own Economic Problems

13. In the near future we will take the following mutually supplementary steps:

a. The United States will reduce its structural budget deficit for fiscal 1986 by around 50 billion dollars and for fiscal 1987 by another 50 billion and, in addition, provide tax incentives for private-sector savings in an attempt to lower market interest rates and the dollar exchange rate;

b. the European countries will at the same time expand their public-sector spending, primarily in the form of tax reductions, in order to partially compensate for the predictable drop in American demand and counteract a further rise in unemployment;

c. Japan will act similarly; in addition, in view of the low levels of Japan's defense expenditure (in past decades, and the same trend will apply in the future) it will rapidly expand its development aid program and in this way help balance out the Japanese balance of payments surplus.

14. We commit ourselves from this day on to doing without any kind of additional export subsidy or import hindrance as well as without any other kind of additional protectionistic measure.

15. We will jointly support a new GATT round. In the "Reagan round" we expect negotiations to go on for several years.

16. At the same time, at the individual level we will initiate a process with regard to our national financial and economic policies that will, in the long run, lead to more stable exchange rates between our currencies. We have come to recognize that the excessive exchange-rate fluctuations of the past twelve years, something that never before existed in the world economy, were the main cause of distortions in international price structures and international competition as well as of the growth of protectionism. We know that today more stable exchange rates on the money foreign exchange markets cannot be imposed by central bank interventions. What is needed instead is an overall system of national economic policies that is aimed at achieving and maintaining current accounts equilibria. From this point of view we consider an international monetary conference desirable prior to conclusion of the GATT round.

17. Independent of this, the European countries will strengthen the role of the European Monetary System and the ECU. The North American countries and Japan expect that over the medium term the possibility will emerge of establishing fairly stable exchange rates between the dollar, the yen and the ECU, something they wish to contribute towards. All of the participatory states are aware that if this objective is



not attained new monetary-based distortions in prices for internationally traded goods would necessarily result in a new danger to the free system of world trade.

18. We jointly recognize that after we have overcome the current crises and dislocations it will be necessary for all the economies in the advanced industrial countries to act in the world economy as net capital exporters, not only for the benefit of the Third World, but also for their own gain.

#### Looking at the Ecological Problems in the World

19. From the Sahel Zone to the tropical forests, from the whale populations to the forests of Central Europe, from the growing change in the earth's atmosphere to the declining quality of ground water we recognize numerous dangers to our natural environment. They cannot be sufficiently curbed at the national level alone. For this reason we support a joint scientific survey and investigation of the causes and mutual dependencies involved. We would like to initiate this effort in a United Nations context. Involvement of all nations will be necessary, regardless of their political systems, their alliance or non-alliance status and regardless of the degree to which they are developed.

Of course I know that those who will be attending the Bonn summit have not prepared themselves for an agenda of this kind.

As such, they will neither aim for nor by any means achieve a resolution this comprehensive. They will probably not be able to agree on a single one of the 19 points listed in the above. The list itself could be varied greatly. It would be possible to limit it to just a few items or other important items could be added. At the first summit meetings in the 1970s we did not deal with such comprehensive lists of formulated objectives. However, we conducted talks with each other that were indeed as comprehensive as this. In the

1980s this is unfortunately no longer the case. The heads of state and government of the Western world have to be urged to dedicate their joint attention beyond the issues of the day but rather to issues of essential importance. Sometimes governments are like wheelbarrows. They are only useful when they are pushed.

#### Leadership in Short Supply

The current lack of a coherent concept in the Western World is based on man-made circumstances. It is based above all on an absence of leadership. This applies both to Europe and the United States. Since the establishment of the European Monetary System and the election of the European Parliament in Strasbourg there has been no more genuine progress in Europe. Due to a lack of inner cohesion Europe is currently incapable of action or leadership in any of the 19 different areas of activity listed above.

The size of the United States, its vitality and dynamic energies, the fact that it has a genuine common market, and not one in name only, consisting of 230 million people, with a single currency and a single legal and tax system, and, finally, its superior military strength mean that, given the state of the Western World in the mid-1980s, the leadership role can only be assumed by the United States. However, the United States is not prepared for leadership. Instead, isolationist, America-centered, hegemonial and internationalist tendencies vie for supremacy there. This need not continue to be the case.

Leadership emanated from Harry Truman, George Marshall, and Dean Acheson. It was reflected in Eisenhower's pragmatism, Kennedy's visions and Nixon's outstanding ability to assess strategic situations and make the corresponding decisions. I do not doubt that this can again be so in the future. In free countries with democratic constitutions leadership must reflect both strength of conception as well as the will and

the ability to engage in compromise and arrive at a consensus. No improvement is brought about by issuing unilateral orders.

Consensus is possible. Despite all the differences in our histories and our cultures, we all act on the basis of what are, in principle, the same fundamental values. We jointly believe that the dignity of the human individual is inviolable. We are jointly convinced of the need for an open society and the rule of law. We jointly desire justice, solidarity and peace among nations. And we are jointly aware of our responsibility. Our governments can only do justice to their responsibility by acting, not by adopting tactical communiqués which are formulated so as to be acceptable to or lend themselves to positive interpretation by public opinion in the various summit countries. None of the nineteen proposals listed above is utopian. On the contrary. Of course, the hope that the heads of government could deal with a package as comprehensive as this next week or even to adopt one is, indeed, wishful thinking.