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משרדיה הממשלת

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SEN. HUMPHREY: And I don't want to get into --

SEC. BAKER: That boils down though, I think, to 3.8-plus [billion dollars] in actual appropriations.

SEN. HUMPHREY: In any event, the bottomline is that the Department is requesting an 11 percent increase in 1990 over the estimate for 1989. That's rather an immodest increase, wouldn't you say -- 11 percent?

SEC. BAKER: Rather -- I'm not prepared to judge it, yet, Senator. (With a laugh) I'll have to take a look at it before I tell you whether it's immodest or not.

SEN. HUMPHREY: Well, no doubt you'll be sending up an amendment. But I hope that you'll look particularly at the section on international commissions, conferences and things of that kind. They look to be rather lavishly funded in this budget.

(To Chairman) How much time do I have remaining?

CHAIRMAN PELL: (No audible response.)

SEN. HUMPHREY: Mr. Secretary, you mentioned -- a number of people have mentioned --

CHAIRMAN PELL: You have three minutes.

SEN. HUMPHREY: Thank you. A number of people have mentioned the importance of India and Pakistan improving their mutual ties. I think you have -- I think you referred to that in your own remarks, your own statement. Do you have any ideas at this point on what can be done along those lines?

SEC. BAKER: Well, I think that, as I indicated in an answer to a question by Senator Moynihan yesterday, the United States' relationships with India are improving and have been for some time and I think that will -- I think that will assist in ultimately seeing an improvement in India/Pakistan relations; so will the withdrawal of the Soviets from Afghanistan; so will, I think, the successful election recently held in Pakistan, where we have a Prime Minister -- a new Prime Minister. I think all of those things could move us in that direction.

SEN. HUMPHREY: I'm glad you've highlighted the importance of the elections. Pakistan is to be credited for an orderly, democratic transition from the tragic death of President Zia, particularly against the background of bullying at the hands of the Soviet Union. Literally hundreds of Pakistani citizens have been killed by aircraft attacks, some of them we know flown by Soviet pilots, because Soviet aircraft piloted by Soviet pilots have been shot down inside Pakistan. And far more have been killed by KGB-inspired terrorism inside Pakistan. So, it's important that we stand close to Pakistan in the coming years. It's probably going to get more difficult in the next couple of years, rather than less.

And I hope that you will -- President Bush will be as firmly committed to Pakistan's security as President Reagan has.

CHAIRMAN PELL: Thank you very much.

Senator Kerry.

SENATOR KERRY: Thank you very much, Mr. Chairman.

Mr. Secretary, as you know, and I think have alluded to in the course of a number of questions here, the acid rain issue, as an issue between ourselves and Canada, has been a source of some discontent on both sides and in different quarters. I think that for more than ten years now, there has been a significant body of evidence correlating the Midwestern emissions with transboundary problems in Canada. And, indeed, the Canadian government has frequently brought that to our attention. They have, in fact, asked us in very specific terms to deal with acid rain. And there is a perception in many quarters that, on both sides of the border, that they've been rebuffed in a direct way.

The Attorney Generals(sic) of the Northeastern states have seen fit to bring suit against the federal government in the last years in an effort to get action. And still, that hasn't happened. During the campaign, in a speech in Michigan on August 31st of last year, as a candidate, the President-elect made the following statement. He said, on the question of acid rain, "the time for study alone has passed. We know enough now to begin taking steps to limit future damage. Action must be taken today, even as scientific study or inquiry continues. It's an insurance policy against future disaster. As President, I will ask for a program to cut millions of tons of sulphur dioxide emissions by the year 2000, and to significantly reduce nitrogen oxide emissions as well. I will work out the exact amounts and the exact methodology with the Congress, but we must have a clear commitment to emissions reductions on a clear timetable."

And, needless to say, many of us applaud that comment and look forward to trying to implement it. But my question to you at this moment is, the Clean Air Act recognizes the responsibility of the United States government to act to deal with the problem of international trans-boundary emissions, and it authorizes you, as Secretary of State, to notify the administrator of the EPA of the need to act. And I don't know if you've had a chance to familiarize yourself, or if you're already familiar with Section 115 of the Act.

SEC. BAKER: No. I'm not.

SEN. KERRY: It says, "Whenever the administrator, upon receipt" -- that's the administrator of the EPA -- "upon receipt of reports, surveys, or studies from any duly constituted international agency, has reason to believe that any air pollutant or pollutants emitted in the United States cause or contribute to air pollution which may reasonably be anticipated to endanger public health or welfare in a foreign country or whenever the Secretary of State

requests him to do so with respect to such pollution which the Secretary of State alleges is of such a nature, the administrator shall give formal notification thereof to the governor of the state in which those emissions originate and mandate action."

That means, Mr. Secretary, that, if you so desired in terms of our relationship with Canada, without legislation, without further effort between us, you could take action which could improve that relationship and deal with the problem of acid rain and have significant impact on the Northeastern states which have brought that suit. And I wonder what your attitude is towards taking such action, or whether it's something you would be willing to contemplate in view of the evidence as it now stands.

SEC. BAKER: Senator Kerry, I think you'll see a new approach to acid rain from this administration. You have noted the Vice President's campaign pledge in that regard, and I'm quite sure that he will want to move on that pledge at an early time during his administration.

I do think, though, that the administration should move as a whole, that it should be something that is well thought through and well thought out, because acid rain is not just an international problem; it's a domestic problem as well. And we need to deal with it, both from the domestic standpoint and from the international standpoint. Dealing with it from the international standpoint is going to require some discussions and negotiations with our neighbors, and there are some things that they will have to do as well in order to treat with the problem.

So I don't think that I would be inclined right off the bat to just send a notice over to EPA under that section of the Clean Air Act. I do believe that it's a real problem, and it's quite obvious that the new President of the United States thinks it's a real problem. But I think it needs to be dealt with across the board in a coordinate and responsible way.

SEN. KERRY: Well, I understand that and respect that, and I think many of us would prefer to see a comprehensive approach. If on the other hand, for whatever reasons, gets frustrated -- and it can be easily so frustrated, as I think you know, in the halls of this institution -- is this a lever that you would contemplate utilizing in order to make real on the commitment of the President-elect?

SEC. BAKER: If you can guarantee me against impeachment if I did. Well, I mean, if only three states are involved, I think we can build a good coalition.

SEN. KERRY: I think that --

SEC. BAKER: (Laughs). There's a lot more than three states that are involved, Senator. But it is a real problem and we do have to work at it, and you have my commitment to work at the problem, because I really view it --

SEN. KERRY: I appreciate that.

SEC. BAKER: -- as a very serious matter.

SEN. KERRY: I appreciate that and I wanted to bring that to your attention. I'd like to see us certainly contemplate, perhaps in those most egregious areas where the international problem exists, that that is a possible solution and it might act as something of carrot to some of those states.

A different area of inquiry, if I may. In your comments which I reread last night -- and I think, overall, incidentally, it was a very comprehensive and significant statement in many respects -- on page 13, you made the comment that it's time we regarded Mexico with the respect and the seriousness it warrants. And I was struck by that because there seemed to be an implicit admission that there hasn't been respect and seriousness perhaps in the past, and maybe you didn't intend that.

But I thought it worth pursuing particularly in the view of the question -- we had a very acrimonious debate last year, as you remember, over the issue of narcotics cooperation -- and there remains significant evidence of numbers of states, governors thereof, and other officials within Mexico, who are significantly involved in narcotics trafficking. And, that will certainly be one of the measures by which we will judge our relationship. But I wonder how you might further articulate the nature of that relationship insomuch as you believe it deserves more respect and seriousness; and how, in giving it more respect and raising it to that level of seriousness, we will simultaneously deal with this question of holding them accountable in terms of their law enforcement efforts and --

SEC. BAKER: It's a --

SEN. KERRY: -- criminal enterprise --

SEC. BAKER: It's a difficult balance, but it is a balance that we must maintain and it is a line that we must draw. I mean, we must -- we have every right to expect their full cooperation with us with respect to this issue of narcotics. On the other hand, it's sometimes very easy for us to blame some of our problems on others, and we have sometimes, I think, a tendency to do that. The whole issue of certification and all the rest really -- really overlooks the question of one of the major problems, one of the major causes of the drug problem, and that's the whole demand side question. Yes, the supply side is important and it's important that we see to it that our allies and our neighbors work with us to deal with this terrible problem of the scourge of drugs. But, there's a balanced that must be maintained --

SEN. KERRY: Well, I understand that --

SEC. BAKER: -- and we have -- we have, you know, achieved some real progress, I think, Senator, in compliance by the Mexican

government with requests that we have made -- reasonable requests that we have made. They are spending a fair amount of their time and treasure in seeking to get a handle on this problem. Are there instances of corruption still extant? Perhaps, yes, there are. And have we arrived at a utopian situation? Not by a long-shot. And we need to continue to work the problem.

SEN. KERRY: I'm about to run out of time, and I wanted to just follow-up with one other country that I think is an example of the problem, and I'd like to ask if you have any special responses to it, very quickly. Colombia -- well, I don't really have time.

SEC. BAKER: I think -- let me just very quickly say. I think Colombia is working very hard to try and help in this -- in this area. And they're losing members of the judiciary and they're losing government officials.

SEN. KERRY: That's what I was going to ask you -- if you had any special response. I mean, Colombia -- you can't get people to sit on the bench now for fear of being assassinated.

SEC. BAKER: A very difficult problem.

SEN. KERRY: Is there any special response that you think we might undertake in an effort to try to deal with the reclaiming, if you will, of democracies in the region?

SEC. BAKER: Beyond what we are doing in continuing to take those steps, I don't know that there's a lot, Senator. And I don't have anything to suggest here right now this morning, beyond what we've been doing.

SEN. KERRY: Thank you, Mr. Chairman.

CHAIRMAN PELL: Thank you very much, Senator Kerry. Senator Mack.

SEN. MACK: Thank you, Mr. Chairman. And good afternoon.

SEC. BAKER: Senator.

SEN. MACK: Several months ago, Secretary Shultz was faced with a decision about whether to grant a visa to Yassir Arafat to address the United Nations. An overwhelming majority of the American people supported that decision, and it appears now that you may be faced with making a similar decision. According to an article yesterday in the Washington Post, it reported that Yassir Arafat had accepted an invitation to address a convention here in Washington on April 13th. And I was curious as to what your feelings were with respect to the decision that Secretary Shultz made, and do you plan to continue that policy that he established?

SEC. BAKER: Well, I can't tell you what I would or would not do, Senator, if a visa request came in. I can say that there's a difference here between a request for a visa in conjunction with a speaking appearance, let's say in Washington, DC, and a request for

a visa in conjunction with an appearance before the United Nations. I think those two things are different. But I'm not in a position to prejudge what we might or might not do if we were to receive a visa request, let's say, for an appearance sometime in April. We just have to judge the circumstances in the situation at the time.

SEN. MACK: Do you sense that there have been changes, though, that would lead you to believe that there would be a greater opportunity that a visa would be granted?

SEC. BAKER: I really don't want to comment beyond what I've just said because I don't want there to be any suggestion I'm trying to tilt the issue one way or the other. I really do believe it's going to depend on what the situation is at the time if a request is received, and one has not been received, and there's some reason to believe, I think, that the report that you read in the paper might be somewhat exaggerated.

SEN. MACK: Okay. Let me go back to an area that we were discussing yesterday on credits from the West to the Soviet Union, and you had indicated that you do not support any form of subsidized credits. And I really question the effectiveness of moving unilaterally against commercial credits. But there is another area of untied credits, and in the last four years, the number of loans, or the amount of loans, to the Soviet Union has almost doubled. About 80 percent of those credits are untied, meaning that they're not related to any specific trade. In other words, it's like a cash transfer. And I just want to quote a comment -- a quote of --

SEC. BAKER: You mean just an open loan?

SEN. MACK: Yes.

SEC. BAKER: That's what you're talking about, yeah.

SEN. MACK: Right. With nothing tied to it, nothing -- no specific transaction --

SEC. BAKER: Right.

SEN. MACK: No construction, let's say, related to it.

SEC. BAKER: That's right. It's just a --

SEN. MACK: In November, President-elect Bush said in an interview, "We want to put Gorbachev in a position where he has to make hard choices and pull back from defense spending. If we give him enough money without stipulating how it is to be spent, we make it possible for him to avoid making these fundamental decisions. So, we don't want untied loans or credits." And I really have a couple of questions. Do you think we should know where the money is going and how it is being spent? And how can we get greater discipline and transparency in Western lending to the Soviet Bloc?

SEC. BAKER: I think that there is -- that it's not unreasonable to think that we would like to see a bit more

transparency. The only way we can get it is through building a consensus among the allies. We can't get it ourselves, and the idea that we're going to step out here and somehow sanction untied credits is, as I indicated to you yesterday, I just think, totally unworkable. I do believe there may be some room for us to continue to consult with our allies in this area. We might be able to achieve a bit more transparency. I think it'll remain to be seen what their reaction to those consultations would be.

It does seem though that if we're going to put some teeth into President-elect Bush's feelings that there's going to have to be some way to control that credit.

SEC. BAKER: It's tough, very tough -- very tough thing to do. We can -- we could -- you know, you can pass a law saying United States banks can't do it, and that would make a lot of foreign banks around the world very happy.

SEN. MACK: Let me move to another area -- and it's been mentioned several times during the last few days -- and it's the whole issue of the Third World debt. And I, just in a very broad sense, would be interested in hearing from you what you perceive your role and the State Department's role as we move forward in trying to come up with a solution with respect to Third World debt. And I'm thinking even more specifically to Latin America. I was really impressed by the achievements that have been made with respect to Mexico. One of the things that I saw recently -- privatization, for example -- they went from something like 750 companies being controlled by government in 1983 to less than 50 today --

SEC. BAKER: That's right.

SEN. MACK: -- which is a significant accomplishment. There's been a reduction in their tax rates. There's been deregulation. And I think when you couple President Salinas' move last week against the union -- I mean, there are some great things that are happening in Mexico, and I -- it seems to me that Mexico may, in fact, be the area that we ought to try to find some accommodation to reduce the burden even further, which sends a message to the rest of the world and the rest of Latin America that, you know, if you restructure your economies, if you do the right kinds of -- the things that we spend so much talking about, we'd like to see countries do, what a message that would be to encourage others to follow suit.

SEC. BAKER: That's absolutely right, Senator. And we -- and we have basically tried to do that in our -- in our economic -- in our financial relationships with Mexico. We've made them a number of bridge loans from the Treasury; we have worked, as I indicated earlier, to work out this zero coupon Treasury bond swap arrangement, and we were hopeful that that would amount to more than it did -- and maybe a future variation of that can. But you're quite right. And Mexico is not the only country that has done a lot to reform its economy and move to a more free market-type economic system. There are others that have as well. And, of course, the

one reason they've done so is because there has been the carrot out there of some additional capital flows from the World Bank or the IMF or, in some instances, from private lenders. And we need to continue to -- we need to continue to work in that direction so that more of these countries will change what are inefficient economic systems so they can find a way to grow their way back. That's very important.

Now, we need to -- and I quite agree with you, that we need to -- to take further steps with Mexico, if we can, and find other ways that we can help them voluntarily reduce the stock of that debt, because they are taking some action.

SEN. MACK: Let me just go, again, back to the -- the initial point though is, in a general way, what role do you and the State Department play in --

SEC. BAKER: Fine.

SEN. MACK: -- trying to --

SEC. BAKER: Yes, that's a -- I'm sorry, I meant to answer that, too. It's my view that this issue being primarily an economic one, although we must recognize its political implications, the leadership is probably best left at the Treasury Department. And that's where I would expect to see the issue -- where the leadership in the new administration should be on this issue. At the same time, there are important political issues involved here, and the State Department will have a role to play in the inter-agency process and the development of refinements to our debt strategy and in dealing with this issue.

SEN. MACK: I guess the reason I'm dwelling on it, from this point of view, is that I do think it is important that that point about the political concerns --

SEC. BAKER: Absolutely.

SEN. MACK: -- be -- you know, continually be delivered, to keep moving the process forward, because I think it is so important. I mean, we have seen -- the history indicates to us that there are times when financial arrangements among nations, in fact, have caused war, both among nations, and political strife within nations. And I just again would encourage you to keep --

SEC. BAKER: It is -- it is very important to the United States that these fledgling democracies in Latin America survive. And I think that's the point that you are making.

SEN. MACK: I yield back the balance of my time.

CHAIRMAN PELL: Thank you very much. Senator Sanford.

SEN. TERRY SANFORD (D-NC): Mr. Chairman, I apologize for not being here. I had to be at another Committee meeting.

I think the Secretary's answered questions in a very remarkable way, covering an extremely broad field. With the nature of his job, we could probably question him for four or five days running. As far as I'm concerned, I think he's going to make an outstanding Secretary of State, and I'm ready to vote. (Laughter.)

SEC. BAKER: Thank you, Senator.

CHAIRMAN FELL: Sorry, I missed that. What did you say, Senator Sanford? (Laughter.)

SEN. SANFORD: I said I thought he was going to make an excellent Secretary of State, and I'm ready to vote.

CHAIRMAN FELL: (Off mike) -- almost the same position. I think everybody's had their turn.

SEN. HUMPHREY: May I ask one further question, Mr. Chairman?

CHAIRMAN FELL: Certainly.

SEN. HUMPHREY: And it may be, Mr. Secretary, you've already covered this in your discourse with Senator Helms, but with regards to Angola, the President-elect has sent a letter to Jonas Savimbi, pledging continued material support. The question I wanted to ask is -- and this is tied to national reconciliation, which is a rather murky term -- what was meant -- what is meant in this context, and in the context of the letter and the pledge, by "national reconciliation" in Angola?

SEC. BAKER: Well, in my view, national reconciliation means the emergence of a government that reconciles the competing views of the present government and the movement that Dr. Savimbi represents, in a manner that is satisfactory to both.

SEN. HUMPHREY: In other words, if it is satisfactory to Dr. Savimbi, you judge that to be --

SEC. BAKER: Yes. I don't think we can step in and put an objective standard there. I think national reconciliation means that the two forces there, that are not reconciled now, reconcile on a basis that's mutually satisfactory.

CHAIRMAN FELL: Thank you very much.

SEN. HUMPHREY: Of course, I agree on that. But what if he doesn't agree? What if Savimbi doesn't judge that this is genuine reconciliation?

SEC. BAKER: Well, that's -- then you don't have, in my view, you would not have national reconciliation.

SEN. HUMPHREY: And therefore, our assistance would continue?

SEC. BAKER: Well, you wouldn't have national reconciliation,

and the President's -- the Vice President's letter speaks for itself.

CHAIRMAN PELL: Thank you very much, indeed. We have incidentally run through, in the second round, only Senators Moynihan, Robb, and McConnell have not had an opportunity to speak in this round. We'll be adjourning, recessing shortly, and coming back at 2:00, hoping they'll be here, and anybody for the third round will be accommodated. I understand Senator Simon had a question he wanted to ask right now.

SEN. SIMON: As long as I get another round, I'll -- let me just take advantage of the time here. Yesterday there was an exchange, and I forgot with whom, on exchange programs, whether the Soviets are offering more than we are. The reality is in almost every developing nation, the Soviets are offering many times more scholarships than we are. That does not mean that there are more students going to the Soviet Union, but it means for people of limited income, you have a much greater opportunity. And frankly, I think we hurt ourselves in the long run by not making those opportunities. It's an area where I think we ought to do better.

Let me mention one other area where we have a problem where I don't expect an answer from you right now. But if you could instruct your staff to get together and with the Department of Education, and maybe in the next 90 days give me a response here.

We, at the university level, have taken an interest just by whim almost. When the Afghanistan situation arose, all of a sudden we discovered that the University of Nebraska at Omaha had taken an interest in Afghanistan, and we had a resource that was there. We have -- there are a few other examples that could be mentioned. But when all of a sudden Burma exploded on us, there was no university resource in the nation. Senator Pressler asked about the Albanian section of Yugoslavia. Albania itself is a country that one of these days is going to change. But we ought to, at somewhere, have a college or university in North Carolina or Rhode Island or Illinois or New Hampshire, or maybe even Texas, that is that resource. We shouldn't just be looking at countries because some university professor decided "Let's take a look here." We really ought to have an inventory where some university gets journals, where you have a base to be leaning upon. And I recognize this is not simply your jurisdiction, but I think it is something that merits a good look on the part of your Department and the Department of Education.

SEC. BAKER: All right, sir, will do so.

SEN. SIMON: Great. And if I can have a response, say, in 90 days from either you or Secretary Cavazos on that?

SEC. BAKER: Could we say 90 to 120? Would that be --

SEN. SIMON: All right. We can make it 90 to --

SEC. BAKER: Yes, 90 -- 90 is all right. We'll do 90

SEN. SIMON: Okay.

SEC. BAKER: Hmm-mmm.

SEN. SIMON: Good.

CHAIRMAN PELL: Thank you very much --

SEN. HUMPHREY: Chairman --

CHAIRMAN PELL: Yes.

SEN. HUMPHREY: -- one comment, if I may. I'll be brief. Originally, those of us who are not members of this committee yet were told we were not going to be able to vote --

SEN. SIMON: Oh, yes.

SEN. HUMPHREY: -- on the nomination. Now, I am told that has changed. But on the basis of the first information, I've made plans not to be here tomorrow. So, I just want to say -- and be the first, however unofficially, to cast my vote in favor of confirmation. I won't be here, but --

SEN. SIMON: You may ruin his chances here -- (laughter) -- Senator Humphrey. (Extended laughter)

I would add that --

SEN. HUMPHREY: Thank you very much.

CHAIRMAN PELL: Certainly. I would add that Senator Helms has a few questions -- a couple of questions here. Theoretically, I have a couple, too. Theoretically, that would be in the third round. But we've asked Senator Helms to move ahead now, and then we will meet again at 2:00, hoping that the three musketeers, who are still missing, would turn up.

Senator Helms.

SEN. HELMS: Very well, Mr. Chairman. Thank you very much.

Mr. Secretary, let me make a suggestion to you that I think would clear the air. The air has been needing -- has needed being cleared for a number of years. And it relates to El Salvador.

The major news media of this country never mention Roberto D'Aubisson's name without saying, "said to be connected with the death squads." Well, I have tried for years to find justification for that. I talked to the CIA and, of course, I can't discuss what they said, but I will say that they have indicated to me that they have no such evidence. But I would like to ask you, as Secretary of State, as soon as may be practicable, to release whatever information, good or bad, about Mr. D'Aubisson. I don't know the man, beyond two or three visits with him. One time I went with

George Shultz to El Salvador, on a little mission suggested by President Reagan to try to unify the political forces down there and I think that happened. But be that as it may, I hope that in fairness to this man, whether he is guilty or not guilty, what the press continually says, and the television in particular, that whatever the facts are, that they be laid out.

Now D'Aubisson was the author of the Constitution down there which is patterned closely after the US Constitution. In 1984, when he was running against Mr. Duarte, he carried 10 out of the 14 states and he lost the election in San Salvador, where Mr. Duarte's son was the mayor and that sort of thing. But in any case, Mr. Secretary, in 1984, I asked the State Department about the reports that I had received -- and they were credible reports -- that the CIA was covertly pumping money into the presidential campaign of Mr. Duarte.

The purpose was, obviously, to defeat the Centrist Party in El Salvador and that happened. Now the State Department does say, "Now this is not so. It didn't happen. We don't know anything about it." But subsequently, it was substantiated and confirmed. The CIA pumped about \$2 million into that election. And by the way, the Arena Party platform was a little to the left of the Republican Party platform -- so now I call it the Centrist Party. Now I hope that won't happen again, because the Salvadoran people are preparing for an election this coming March and, once again, I'm receiving information from reliable sources that the United States is covertly funding the presidential campaign of the Christian Democratic Party, which is a leftist party down there.

Now I think that the people of Salvador are perfectly competent to make their own judgments about whom they want to lead them. And I just want to know, do you agree that the United States should let the Salvadoran people freely elect their president as they may choose without interference by the United States government?

SEC. BAKER: Senator, I'm not familiar with what you have suggested is taking place. I would like to check into that and, if it is true, find out what the rationale and reason and purpose is behind it and then answer your question.

SEN. HELMS: All right.

SEC. BAKER: I also --

SEN. HELMS: But as a general proposition, you do agree that we ought not to be pumping money into a political campaign in El Salvador or anywhere else, is that right? Do you agree?

SEC. BAKER: Well, generally speaking I agree with that, yes. There have, I suppose, been occasions in the past where it has been in the national security interests of the United States that parties or personalities inimical to the United States not win elections. And in duly approved covert actions, I suppose, there could be instances where it would not be inappropriate. So I can't just give you a total blanket --

SEN. HELMS: Well, would you consider this information, that it ought to be shared with this committee if --

SEC. BAKER: Yes, sir. That's why I said I'd be glad to check into what the facts are and then share those facts with you in Executive Session, if there's anything that would require a closed session.

SEN. HELMS: Well, I hope you will include various groups, such as AFIELD(?), which you know about, the Konrad Adenauer Foundation, AID, DOD, CIA, or the Venezuelan Foundation, EVAPO(?), I think it's pronounced -- I just want to know if anybody is providing funds for an election. I still think, without any equivocation -- particularly at the time when the United States government is supporting communist governments, vis-a-vis Mozambique and -- well, I won't go any further. I think, Mr. Secretary, --

SEN. SYMMS: Will my colleague yield for a minute?

SEN. HELMS: I believe I will not, because I want to -- I'll yield in just a moment.

SEN. SYMMS: Okay.

SEN. HELMS: But I want to finish two or three other questions.

By the end of this year, Mr. Secretary, Panama must submit to President Bush the name of the Panamanian choice to be the administrator of the Panama Canal. Now, at that point, Mr. Bush must either accept the choice or deny the choice, as you know. And if he accepts the choice, the name will be sent to the Senate for confirmation. And last night I got out the Constitution of the United States and I was reading Article VI, which states, quote, "The Senators and Representatives beforementioned, and the members of the several state legislatures and all Executive and Judicial offices, both, of the United States and of the several states, shall be bound by oath or affirmation to support this Constitution." End of quote. Very well. Now,

since the administrator of the Panama Canal is an executive officer of the United States, appointed by the President and confirmed by the Senate, will you recommend to the President that he not accept any Panamanian candidate who refuses to be bound by oath or affirmation to support the Constitution of the United States?

SEC. BAKER: Senator, I can't believe that that wasn't looked into at the time that that arrangement was worked out. And before -- again, before I answer your question, I would like to check the record and see whether or not -- see what the -- how they handle that issue in negotiating that arrangement. Generally speaking, I'd be inclined to say yes to your question, but I really would like to look at it and see if they have not considered this question in working out this arrangement.

SEN. HELMS: Well, I don't want us to be in the position of locking the barn after the horses galloped away. I hope you will

have someone look into that and advise the Committee or me, both.

Let's talk about Noriega. Is it your recommendation, or will it be your recommendation to the Bush administration and to the President, that this government employ every proper means to extradite Mr. Noriega and bring him to the United States to stand trial? You know the history of how he was indicted by two Florida federal grand juries, and according to the Geneva Protocol to the Single Convention on Narcotic Drugs of 1972, of which both Panama and the United States are ratifying parties, the legal basis for extraditing Mr. Noriega is clear. He had been charged in this country with narcotics and narcotics-related offenses found in the 1972 Protocol. Do you think the Bush administration will push for that?

SEC. BAKER: I don't think that there's much chance that we could expect to see Panama extradite General Noriega, as long as he is in power there, Senator. But I don't suppose that it's unreasonable of us to expect it, in light of the present circumstances.

SEN. HELMS: Well, a lot of things happen, Mr. Secretary.

SEC. BAKER: But when you say "all proper means," I don't know -- I'd like to reflect with you a little more on what that would encompass.

SEN. HELMS: Well, a lot of things happen, Mr. Secretary, because we work to make them happen. You know that. You've got -- you've done a lot of things because you worked at it.

One other thing -- the Panama Canal treaties, as approved by the Senate, guarantee the right to use military force in order to, quote, "meet danger threatening the security

of the canal" endquote. It also permits the United States to, quote, "Station, train, and move military forces within the Republic of Panama to protect and defend the canal." Now, if push comes to shove is there's going to be any hesitancy on anybody's part to use whatever means necessary to defend that canal?

SEC. BAKER: To protect and defend the canal? I don't think you'd see any hesitancy whatsoever.

SEN. HELMS: Very well. Now, if I may, Mr. Chairman, let me yield to my distinguished friend.

SEN. SIMON: And I will just take one minute. I happen to differ with my distinguished colleague from North Carolina, his characterization of the parties in El Salvador, but I agree completely, we shouldn't be funding -- if we do it in El Salvador, what's to stop us from getting involved in funding political campaigns all over the face of the earth? I just think it is very, very bad policy, and I agree with my colleague from North Carolina completely.

SEN. HELMS: I thank the Senator. And I thank the Secretary.

SEC. BAKER: Thank you, Senator.

CHAIRMAN PELL: Well on that note, I think we'll recess and reassemble at 2:00 this afternoon.

END OF MORNING SESSION

PART 3.

Wednesday, January 18, 1989

Senate Foreign Relations Committee: James Baker, III - Nomination for
Secretary of State (18 Jan PM) (Part II)
Briefing ID: 430837 (859 lines)

SEC. BAKER: Oh, maybe in that -- that's a pretty good example, if there's going to be one, perhaps in that area. I think it's -- I think that it's going to be -- it's not going to be easy for them to get to a common currency.

SEN. BIDEN: I agree.

SEC. BAKER: Or a common central bank because the central bank functions are so different in, for instance, the Federal Republic of Germany, and let's say, the United Kingdom.

SEN. BIDEN: Just the issue of interest rates or the banks' abilities to charge interest rates. They're affected by our state laws, which as I understand, the objective at least in the European Community is that there be a unified view on issues such as that relating to banking practices. I may be wrong about that --

SEC. BAKER: I don't know the extent to which 1992 is going to merge all services.

SEN. BIDEN: It uses that phrase, but I'm not sure it means it.

SEC. BAKER: In terms of common market, in terms of a single unitary market, yes, but I'm really not quite -- I'm not clear in my own mind whether they would extend it, for instance, to financial services.

SEN. BIDEN: What I read, and I -- you know more about it than I do being Secretary of the Treasury, but there is the intention, they talk about not only goods, but services.

SEC. BAKER: Yes.

SEN. BIDEN: And that's why I raised the question. One last question in this area: Do you have a plan, or is there a department within the State Department or at Treasury that is following very closely what is happening and anticipating what responses may or may not be necessary?

SEC. BAKER: That's really a very good question, and just before

I left Treasury in August, this issue came up. It was -- and frankly, I do not know what the development has been since that time, but it is a matter that we have -- I know we have communicated to our European allies, to the EC, that we are very interested in. It's something we believe we are entitled to be consulted on and to follow. And I would imagine that there's no -- not going to be any problem in that regard, but I don't know what the locus of that operation is in the Executive Branch right now, but it's something

interpretation, it was presented to the Congress in the narrow interpretation and we have behaved for most of its existence on the narrow interpretation. To me, it's unbefitting the United States to try to maneuver in that sense. If we decided that the ABM treaty was fundamentally constricting our vital national interest, then we ought to denounce it according to its provisions, not change from a narrow to a broad interpretation." End of quotation.

Since you (off-mike) the Secretary of State and all National Security Advisors on occasion have to work together, on occasion clash, can you tell us at this point whether you agree with the interpretation your counterpart, soon to be counterpart, the new National Security Advisor?

SEC. BAKER: Well, we have, as you pointed out and as Brent points out in the quote that you've just read, we've been observing the narrow. It has been the policy of the Reagan administration to observe the narrow but reserve the right to assert the broad. We have not asserted --

SEN. BIDEN: Under what conditions?

SEC. BAKER: Under what conditions?

SEN. BIDEN: -- to assert the broad?

SEC. BAKER: At such time as the administration concluded that it needed to do so in order to carry out its testing responsibilities under the strategic defense initiative, are the conditions that I think --

SEN. BIDEN: I respectfully suggest then you do not agree with the National Security Advisor.

SEC. BAKER: I didn't say I didn't agree -- it really is not, it really is not important. What's important is whether or not that's going to be the policy of the new president of the United States. His policy heretofore has been to respect the narrow but reserve on the question of the broad. That's the personal view there of Brent Scowcroft, a private citizen. It'll be interesting to see whether the Vice President is going to change his position or stick to the position that he had as Vice President for --

SEN. BIDEN: Well, I respectfully --

SEC. BAKER: -- two Reagan terms.

SEN. BIDEN: I respectfully suggest that would be a little like my saying, I respect the right of the press under the First Amendment, but I reserve the right to deal with their irresponsibility if I wish, not that you all are ever responsible. But seriously, it's the same kind of interpretation. For me to say, I reserve the right to, in effect, renounce what had been a -- what is a constitutionally-mandated position --

SEC. BAKER: Senator, I --

SEN. BIDEN: -- I find difficult.

SEC. BAKER: I think you raise a very good -- you raise a very good point and, of course, the issue of ratification and all of the rest is more properly debated, I suppose, in your Judiciary Committee. But, what happens if the interpretation comes about many years -- four or five years -- down the line? Suppose you get a development of new ideas, new technologies, new principles, and there's an interpretation that presents itself, and the negotiating record is silent on it. And there's never been any suggestion that it was the subject of discussion or consideration by the Senate when it ratified. Are you saying that the Executive at that point is not entitled to put an interpretation on the treaty unless it comes back up here?

SEN. BIDEN: I would suggest, Mr. Secretary, that A, that is a different issue than the one that's been at stake. But B, if I can just finish -- but B, that assume that there was a change in technology, interest, of what the President viewed to be in the vital interest of the United States, that did not comport with what heretofore had been the overwhelming and considered interpretation of the treaty for the previous two, four, ten, twenty, years. And all of the treaties we sign, as I need not tell you, have a clause in them saying that at any point -- I'm paraphrasing -- at any point, if this treaty is inconsistent with what we view to be our vital interest, we can give notice and say, we're out.

SEC. BAKER: Right.

SEN. BIDEN: That's the appropriate role, in my view. But, I can see the Chairman is about to hit my knuckles with that hammer, so I'm going to stop. Thank you very, very much.

CHAIRMAN PELL: Thank you very much indeed. Senator Helms.

SEN. HELMS: Don't do that, Mr. Chairman. He's a nice boy. (Laughs.) Mr. Secretary, last week, General Dynamics, and a Japanese company, Mitsubishi -- heavy industries -- signed a little old agreement to produce in Japan a modified F-16 fighter aircraft, which the Japanese call the FSX. And the program is a new type of cooperative venture between allies, and it's supposed to be a model for the future, and all of that.

Nevertheless, I wonder if I might encourage you to delay sending the notification up here, to the Congress, for, say, a couple of months, until your team -- your team -- is in place and you've had a full opportunity to review this proposed program and in order that you be able to enthusiastically, or otherwise, recommend it to us? Would you consider that?

SEC. BAKER: I'll be glad to consider that, Senator. Of course, it would be subject to -- subject to the President's determination.

SEN. HELMS: Of course. But I think -- I think -- I think you'd be well advised to go a little bit slow and make sure you know what you're doing.

Now, there have been a number of reports in the media and otherwise in recent weeks implicating several high-level law enforcement officials in the new Mexican administration, the involvement of these people in drug trafficking and other illegal activities. And the officials specified include the Attorney General, the Chief of Police -- the Intelligence Unit -- who, by the way, is currently wanted in the United States, we're trying to extradite him -- the Interior Secretary, the Chief of Police in Mexico City, and a Director of the Federal Judicial Police.

Now then, last year the State Department sent to the Senate, for its advice and consent, an MLAT, a mutual legal assistance treaty -- an MLAT with Mexico requiring the United States to give sensitive information regarding narcotics trafficking to the Attorney General's Office in Mexico.

Now, this gives me some pause. And I'm wondering if you would agree that the President should be willing to certify, or otherwise give assurance, to the Senate that these officials and other high-level law enforcement officials in Mexico are not connected in any way with narcotics activities or to Mexican drug kingpins before the Senate is asked to proceed with consideration of such an MLAT?

SEC. BAKER: Senator, I don't see any particular reason why we couldn't do that, provided it's -- provided the standard is one of no evidence, having no evidence --

SEN. HELMS: I agree.

SEC. BAKER: -- to suggest that. I don't think we -- we're not going to be -- be in the position of making any --

we can't make any guarantees, but we could certainly certify with respect to the question of hard evidence.

SEN. HELMS: Well, in the past, we've had hard evidence by officials of this government, as you know. Well, you satisfied me on that. We ought not to be turning over sensitive material to people like this, if there are people like this, because our people could get their heads blown off.

SEC. BAKER: Right.

SEN. HELMS: You know, it's happened before. And I mention this just to throw up as good a safeguard as I can.

Now, moving on to another thing -- I'm not going to press you any further if, indeed, I pressed you so far, about the Angola-Namibia agreement. But, I would like to get an understanding with you, or from you, that if, in fact, you do make a request for US contributions to the UN peacekeeping forces, that you will provide the Foreign Relations Committee with the transcripts of the

discussions and the negotiating record of the Angola-Namibia agreement. Would there be any problem about that?

SEC. BAKER: I'll have to check and see, Senator. I wouldn't -- there shouldn't be any problem in providing closed-session --

SEN. HELMS: Oh, absolutely. And --

SEC. BAKER: And -- and -- and --

SEN. HELMS: -- this will be conditioned, Mr. Secretary, on absolute safeguards.

SEC. BAKER: And we need to see what we're talking -- I frankly should not make that commitment yet, until I see what it is that's down there, and what it is I'm talking about, and what level of classification it carries, and all the rest. But I'll be glad to take a look at that. We will be making a request for funding our share of that peacekeeping force.

SEN. HELMS: But it would -- it seems to me to be information that this Committee ought to have, and I would be grateful if you can make it available, under the condition that a complete safeguard of its confidentiality is in place.

Now, Mr. Secretary, one of the issues which has not been touched on in these hearings, and I'm a little bit surprised about it, so I think I better touch on it -- it's been dumped in your lap -- and that's the Moscow embassy. Now, I'm particularly interested in determining how we got into such a mess in the first place. The very idea

of allowing the Soviet contractors to build the embassy in the first place just doesn't make good nonsense to me, let alone good sense. I hope that you will declassify and release to this committee documents from the early internal deliberations about what safeguards should be taken with respect to the building of that embassy. Would you be willing to do that?

SEC. BAKER: I'll be willing to take a look at it. Again, it's subject to the same caveat, if I may, Senator, that I have to -- on all of these -- I need to see what type of classification they have and so forth. But I see no reason off the top of my head why I would not be able to do that.

SEN. HELMS: Well, I certainly understand the position you've taken there. You know, we're throwing all this stuff at you just in bunches. But could I ask that if down the road you say "I can't do that," can we discuss why you can't do it?

SEC. BAKER: Sure. Absolutely.

SEN. HELMS: Okay, fair enough. Now -- and Mr. Chairman, obviously I'm heading down a short row now.

There's nothing new in the issue of Western finance and trade

with the Soviet Union. For, say, 70 years, Western banks and industrial corporations have been financing and building the Soviet empire. Back in 1922, I was reading the other night, an international economic conference was held in Genoa, Italy, in order to promote trade between the West and the Soviet Union. And since that time, every Soviet leader from Lenin to Gorbachev has had his new economic policy. That's the first thing they trot out, a new policy to rescue the Soviet economy from disintegration and chaos. Just like the turning of the seasons, every time there's a change, here they come.

But the truth is, the Soviet economy has not worked, it will not work, because communism does not work. It's just that simple. History has shown that commercial relations with the Soviet Union have never restrained the Kremlin from global expansion and subversion and general mischief. What is the approximate, overall Soviet Bloc debt, I mean, the Soviet Union and the East European satellites, what's the total debt to the West? Do you have any idea?

SEC. BAKER: I don't have the number, Senator, I'll have to get it for you.

SEN. HELMS: I think it's about 120 billion bucks.

SEC. BAKER: One twenty?

SEN. HELMS: One twenty.

SEC. BAKER: Mmm-hmm (in acknowledgement).

SEN. HELMS: Your folks can check me on that.

SEC. BAKER: It's very small to US entities, I know that. But I don't have that number either, but I'll get it for you.

SEN. HELMS: I think it's one or two percent.

SEC. BAKER: Yes.

SEN. HELMS: I'm not sure about that myself. But -- now, what is the approximate debt of the Soviet Union alone to the West? Would that be about 28 to 30 billion bucks?

SEC. BAKER: Again, I'm sorry, I don't have those numbers here and I'll just have to get them for you.

SEN. HELMS: I was sort of looking at the gentlemen sitting behind you to see if they would nod or shake their heads.

SEC. BAKER: If they'd had it, they'd have passed it up here. (Laughs.)

SEN. HELMS: So, the point I'm getting to is that the Soviet Bloc debt is therefore a part of the overall Third World debt crisis, of course, right?

SEC. BAKER: Well, we really don't consider it as part of it. I mean, some of the Eastern European countries, I suppose, are included. But we really have not -- we've looked at Third World debt, frankly, exclusive of the Soviet Union.

SEN. HELMS: Well, I think they're closer than first cousins. I'm going to ask one more question and then I won't ask any more, Mr. Chairman. And to wind up this: The European Economic Community intends to create what was discussed here earlier, the unified internal market by 1992. At the same time, the EEC has signed agreements with the Soviet Bloc economic organization, COMECON. The EEC and the Soviet Bloc are moving toward economic integration and a reunified Germany may well emerge as the pivot of this economic superstructure. Now, if you will for just a moment, tell me what your impression is of the geo-political consequences for the United States and for the NATO alliance.

SEC. BAKER: Of 1992, a unified market in Europe?

SEN. HELMS: Yes, sir.

SEC. BAKER: Well, I discussed that a moment ago with -- as you pointed out -- with Senator Biden. I think that this does represent one of the paradoxes or contraries that I spoke of in my statement. If the unified market is outward looking in its approach, it can be very beneficial in terms of liberalizing world trade. And it can be very important -- it will be very important to the United States from a geo-political standpoint whether it's outward looking or inward looking. If it's inward looking, it could be very detrimental to our interests and to the interests of other major trading nations around the world. So, we hope very much that it is outward looking in its approach and that in breaking down their internal European barriers, they don't erect any barriers to trade from the United States or Japan or Canada or anybody else that's outside of the European Community.

SEN. HELMS: In any case, it's going to be important whether it's adversely important or beneficial.

SEC. BAKER: In any case it's going to be important, you bet, sir, you bet ya. And Senator Biden's suggestion really, I think, is a very good one, that we have some central place, one specific place in the Executive branch that follows it and that can cooperate in these hearings.

SEN. HELMS: All right. I absolutely agree. I'm sorry Joe's not here to hear me agree with him. But thank you very much, Mr. Chairman.

CHAIRMAN PELL: Thank you very much. Senator Biden -- I mean Senator Sarbanes.

SEN. SARBANES: Thank you, Mr. Chairman. Mr. Secretary, first, let me just follow up on the point that's being discussed. We held a hearing in the Joint Economic Committee last fall on the 1992 and

the European Community. One of the things that's very important for people to understand is that 1992 is the target date for the completion of a process; things are happening each and every week right now.

SEC. BAKER: That's correct.

SEN. SARBANES: So it's not something we have, in a sense, time to get a handle on because it's taking place right now, decisions are being made that may in fact have a significant impact on our interest. There is not a point person in the administration. That came out in those hearings. And maybe some of your staff at the Department can get those hearings and take a look at it. The private sector was very strong in testifying that that was desperately needed. And, in fact, to the extent there's any overview on what's taking place, it probably exists more in the private sector among some of our major corporations that are concerned about it than in fact that exists within the government itself.

SEC. BAKER: Is the STR not following that in detail?

SEN. SARBANES: Well, they're following it, but they're in no position to sort of coordinate or pull together an across-the-government response.

SEC. BAKER: Yeah, I think that's needed, Senator. And I --

SEN. SARBANES: Absolutely.

SEC. BAKER: Mm-hmm. (In agreement.)

SEN. SARBANES: And I commend that to you.

Secondly, I just want -- on this treaty interpretation, at the end you gave a response to Senator Biden about an instance in which a matter would come up that had not been addressed at the time of ratification that represented, as it were, a new issue and a new question of what the treaty meant, and in that instance, would you be denied going back to the negotiating record in order to try to ascertain that. That's not the point that was at issue --

SEC. BAKER: No, I know it isn't.

SEN. SARBANES: And I don't think that's the point he's trying to make. The point that's at issue is where you actually -- where an administration says that a treaty means something in terms of how it was presented to the Senate, and we in a -- I don't see how you can then have a different interpretation.

It's interesting that President Nixon -- well, let me just read an exchange that took place with him at the American Society of Newspaper Editors.

He was asked: "When your officials were testifying on the ABM Treaty, did you ever anticipate that a succeeding administration

would try to reinterpret that testimony?"

President Nixon replied, "No, I did not." And then he said, "There is here a constitutional argument, as you know. On the one side it is that what a treaty means is what and how it was presented to the Senate. Since the Senate has to advise and consent, a treaty must mean whatever was presented to the Senate. (End of quotation is undetermined.) As far as what was presented to the Senate, it was what we call the "narrow interpretation." There's no question about that. And so, Senator Nunn is absolutely correct on that point.

On the other hand, there are those who say that what a treaty really means is how it's negotiated with the adversary, in this case, the Soviet Union. And in negotiation with the Soviet Union, broad interpretation was possible.

Now, let me express my own view. I don't go along with those who say we should go forward with SDI and accept Sofaer's interpretation, because if you do that you're going to find that the Senate, particularly with Nunn, a very powerful Senate, will then block the funds for it so it isn't going to work.

Thirdly, I want to -- and I'm moving very fast through some things because I know we're -- I put the question to you this morning, and then, time ran out, about this statement of Admiral Inman's. "My view is direct. Once you have legislation that establishes a process, you have three alternatives. You get the law changed if you think it's wrong. If you believe it's unconstitutional, you find a case and take it to the Supreme Court. Or you comply with a law, and you work to make it work. I don't believe there's a legitimate option in a country of laws to simply go around it as the way you do business."

I put that quote to Secretary Weinberger in the hearings. And I said to him, "I take it you would agree with that." And his response was, "Completely. Yes, sir."

SEC. BAKER: Yeah. Well, I think my initial response was 99 percent. And then, when I -- when you clarified the one reservation I have, I think I said I agreed with it 100 percent, provided that when you say "finding a case and taking it to court," you include within that what I suggested this morning, which is simply that you have -- here we're talking about the power to use force. So, what would have to happen is, I suppose, a president would have to use it and he would get sued, and then, you'd have a case that would move up for determination. I mean, I suppose that's what you mean by that.

SEN. SARBANES: No. Well, I'm not using it in terms of a controversy over the War Powers Act. I really am drawing on --

SEC. BAKER: Oh, I see.

SEN. SARBANES: -- questions out of the Iran-contra experience. Now, let me just quote Secretary Shultz --

SEC. BAKER: Well, that's --

SEN. SARBANES: -- at those same hearings on a -- on a related point. And he said, and I quote him, "You cannot spend funds that the Congress doesn't either authorize you to obtain or appropriate."

SEC. BAKER: That's right.

SEN. SARBANES: "That is what the Constitution says, and we have to stick to it. And I will join everybody" -- I'm still quoting the Secretary. "Now, I will join everybody in saying that sometimes it gets dog-gone frustrating with what the Congress does or doesn't do, and I can be critical. However, that's the system. We have to accept it, and then we have an argument about it and try to persuade you otherwise."

SEC. BAKER: I agree with the statement, too, Senator.

SEN. SARBANES: Now, have you had a chance to look through the Iran-contra hearings?

SEC. BAKER: No, sir.

SEN. SARBANES: Well, I commend them to you, at least certain parts of it, certainly the testimony of the Secretary of State as he appeared, because I think it underscores some problems which you need to be sensitive to and which you need to address.

Let me just ask you this question, for instance. From whom do you think an ambassador should take direction?

SEC. BAKER: From the Secretary of State -- the President through the Secretary of State is the normal chain. He should not take it from the National Security Council.

SEN. SARBANES: So, you -- would you put in instructions that no ambassador was to receive instructions from a member of the staff of the National Security Council?

SEC. BAKER: Yes.

SEN. SARBANES: Would you -- did you -- would you regard it as a weakness in the previous way policy was done that that was possible?

SEC. BAKER: Yes, I would.

SEN. SARBANES: Because Secretary Shultz did put in such an instruction as a consequence of some of the matters that took place during the sale of arms to Iran and also the assistance to the -- and he, in effect, said that they were given written instructions, there's a chain of command. The top chain is the President, and the next person is the Secretary of State, and the ambassador takes instructions through that chain of command, and that the ambassador is not to take instructions from anybody else unless the President

SEN. SARBANES: Well, I'm just trying to make the point that in diplomatic and political security interests that what we do in the diplomatic and political security interests that what we do in the

SEN. SARBANES: So, it's easy for me to agree with your solving problems. So, it's easy for me to agree with your

SEN. SARBANES: I do believe this, I think that the new president is very anxious of the importance of foreign policy. He has a lot of

SEN. SARBANES: I do believe this, I do believe that I do agree with, but I'm not sure what you mean by "at the

SEN. SARBANES: I'd like to know your reaction to the proposal that a shift in our national security interests. That the -- in other words that

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SEN. SARBANES: I'd like to know your reaction to the proposal that a shift in our national security interests. That the -- in other words that

SEN. SARBANES: Senator Dodd mentioned earlier -- and I thought

the Mexico City Conference in 1984, President Reagan announced a
policy such that the United States will withhold funds from any
agency unless that agency certifies that neither it nor any
other agency is a method of family planning. You see, in the first
instance of adultery or infidelity does not and will not perform or promote
any kind of family planning.

SEN. HUMPHREY: I wasn't aware that some one had already passed
on this. One other question in that same general area: At the

SEC. BAKER: Of course it would be my intent to completely
change our present policies in this regard. I don't see any reason
in the law and I don't see any reason — I think I may have
changed this yesterday, Senator Humphrey. I don't see any reason

SEC. BAKER: Well, of course it would be my intent to completely
receive US funds? Based on this evidence, would it be your intent to maintain
that you interpret as such that the UNFPA would still be ineligible
to receive US funds? Based on this evidence, would it be your intent to maintain

SEC. BAKER: The most recent report released last year was particularly
extensive. Not only did AID continue to assert that forced abortion
is a violation of human rights, but they attached a 100 page white paper from the
Chinese government to the effect that coercive abortion is and
was based on this evidence, would it be your intent to maintain

SEC. BAKER: And every year since 1985, he has — AID has released a review
of that determination has been delegated to the administrator of
the population program in the People's Republic of China, and
every year, AID has concluded that coercive abortion is permissive.
The Chinese government has been assisting which supports and participates in
that basis, funds have been withheld from the United Nations
for population assistance which supports and participates in
extensive documentation to the effect that coercive abortion is and
was extensive evidence in that country.

SEC. BAKER: That annual determination on the part of the president as to
whether any country is in violation of a law requiring sterilization
is a law requiring sterilization close quote. And the law requires
participants in the management of a program of coercive abortion or
participants in the management of any organization which, quote, "supports or
advocates US funding of any organization which, quote, "supports or
advocates international population planning programs. Current law
about international population planning programs, I want to

SEN. HUMPHREY: Okay. Thank you, Mr. Secretary, I want to

CHAIRMAN PELL: Yes.

SEN. HUMPHREY: Mr. Chairman, Senator Lugar wished to be passed
SEN. HUMPHREY: Thank you very much indeed. Senator Humphrey.

CHAIRMAN PELL: Thank you very much indeed. Senator Humphrey.

SEC. BAKER: True.

SEC. BAKER: If we're going to effectively advance our national interests,

the military dimension. I mean, we need strength in all of those

SEC. BAKER: Yeah, are you talking about the Mexico City Conference in 1984 or 87?

SEN. HUMPHREY: That's correct, yes.

SEC. BAKER: Three?

SEN. HUMPHREY: Yes. We're talking about funding --

SEC. BAKER: Ambassador Buckley?

SEN. HUMPHREY: Yes, that is correct. We're talking about programs that perform or promote abortion as a method of family planning, and President Reagan's position and policy was that the US will withhold funds from any organization that does perform or promote abortion as a method of family planning.

SEC. BAKER: That policy was worked out, if I'm not mistaken, Senator Humphrey, in my office, through discussions with the various agencies involved. Submitted to the President, the President signed, and it was advanced in Mexico City, and I would see no reason we would be interested in changing that policy.

SEN. HUMPHREY: So that was -- that was -- that was designed in office when you were chief of staff?

SEC. BAKER: Right.

SEN. HUMPHREY: And you were deeply involved, and you understand this, and it's your intention to continue this policy?

SEC. BAKER: Yes, and I am just assuming that it's the intention of the new President that the policy continue.

SEN. HUMPHREY: I want to raise a subject that I think has been touched upon a number of times, but I think still it requires some clarification. You apparently -- I'm not sure I was here or heard say this -- but apparently proposed as a solution to the Arab-Israeli confrontation, the creation of some kind of Palestinian federation with Jordan. Am I correct in that?

SEC. BAKER: No. What I said, I was asked if it was still the policy of the United States to oppose the concept of an independent Palestinian state. And I said yes, we thought a confederation was appropriate, something in the nature of a confederation was appropriate.

SEN. HUMPHREY: Well, can you expand on that? What do you think? A confederation --

SEC. BAKER: No --

SEN. HUMPHREY: -- with Jordan?

SEC. BAKER: -- just some sort of a -- yes, some sort of a

federation with Jordan. That's been enunciated policy for some time, and all I was doing was reciting it.

SEN. HUMPHREY: I understand that. You weren't breaking new ground. But it's also the proposal which Israel has rejected from the outset and continues to reject, because it means, practically speaking, giving up all -- some or all of the West Bank, which she sees as inimical to her survival. How would you keep Arab military forces out of the West Bank, and thus threatening Israel, if you had such a confederation?

SEC. BAKER: Well, that would have to be worked out, Senator Humphrey, by direct negotiations between the effected parties.

SEN. HUMPHREY: And of course, we're talking about reliable -- we're talking about the long-term survival of Israel. I mean, we're blessed

a sense with a leader in Jordan who is somewhat more reasonable than some of the other Arab leaders, but he, like the rest of us is going to last forever. And we're talking about the long-term future and survival of Israel. And supposing we had such a federation. If such a confederation came in to being with Jordan then Hussein was followed, as someday, he will be followed by somebody who, let's say, hypothetically turned out to be a radical and most unfriendly to Israel, I mean -- see the dangers in this?

SEC. BAKER: I can't sit here and hypothesize --

SEN. HUMPHREY: I know, I know that. But I mean, do you see dangers to Israel in this, the potential dangers?

SEC. BAKER: I'm simply restating what has been United States policy for quite some time. That's all I was doing when I made the comment this morning and I really think that I've elaborated on it as much as I ought to. I was doing nothing more than reciting --

SEN. HUMPHREY: That's quite true.

SEC. BAKER: -- what is established policy.

SEN. HUMPHREY: That's quite true and I'm not suggesting otherwise, but I think it deserves to be discussed in a little later detail --

SEC. BAKER: But you can't --

SEN. HUMPHREY: -- and the potential pitfalls brought out, and that's --

SEC. BAKER: That's something --

SEN. HUMPHREY: -- what I was seeking to do.

SEC. BAKER: -- though Senator, that's something that's going to have to be discussed in a great deal more detail and considered

at great length in the event there are direct negotiations between the parties, which again is in our view, the only way to go. But we can't see here and crystal ball it, I don't think, to any beneficial purpose. I mean I think when the parties do ultimately get together, if they do get together, and we hope they do, those are the kinds of questions that are going to have to be considered in quite some detail.

SEN. HUMPHREY: I have a little time left, and let me just raise a new subject. I saw somewhere in my clippings today the most pathetic photo of two children in some African country lying on the ground dead of starvation. And we've seen a lot of photos like that over the last couple of years. I confess, I don't know the extent of what the executive has done to protest and to try to relieve the situation in those countries where populations are being held hostage to the point of starvation to the insane political machinations of certain despots on both sides of the spectrum. And I'd just like to urge you to undertake a new initiative to heap the hottest coals of condemnation on that kind of thing and even to find ways of breaking these blockades, hiring mercenaries, if we have to relieve this kind of starvation and this kind of hunger and starvation and this cynical manipulation of populations by some of these insane despots. I don't think we've done enough, do you, to protest what's been going on? I mean, kids are just being starved to death for political --

Wednesday, January 18, 1989

Senate Foreign Relations Committee: James Baker, III - Nomination for
Secretary of State (18 Jan PM) (Part III)

Briefing ID: 430838 (747 lines)

SEC. BAKER: It's an extraordinarily tragic situation in a number of those countries and we have done what I think our resources permit. It's too bad that we don't have some more resources, to be very honest about it, because there's a lot more I think we could do with some resources. We're keeping the pressure on a number of those authoritarian regimes. The situation in Ethiopia you're aware of, the problems in the civil war in Sudan and the starvation that's taking place there, and we do what we can from a humanitarian standpoint. We do what we can with our resources in the Agency for International Development. But, it's not enough. And it is indeed a very tragic situation.

SEN. HUMPHREY: It's my -- I don't claim to be an expert. It's my impression that we haven't done nearly enough. I think there's more that we -- maybe we can do in extremis in the way of covert relief, hiring mercenaries to airdrop supplies, if we have to. I don't think there's been enough of a sense of urgency on our part in this sort of thing.

CHAIRMAN PELL: Thank you very much. Senator Simon.

SEN. SIMON: Thank you. First, if I may say, Mr. Secretary, I like the fact that you're here by yourself. You don't have 12 aides supplying you with information. I think it gives us a feeling, that I think we all had before you came, but we have a competent person who's going to be our next Secretary of State.

SEC. BAKER: Thank you, Senator.

SEN. SIMON: Just a few loose ends, and one, if I may follow up on what Senator Humphrey has said, I don't happen to favor hiring mercenaries, but I do think --

SEN. HUMPHREY: I want to make it clear that I said in extremis. I think there are a lot of things we can do before that, but, if you have to to keep kids from dying of starvation, do it.

SEN. SIMON: But, we can do some things. And, in the immediate case in today's paper -- it's a picture and it's from the Sudan.

SEC. BAKER: Yeah.

SEN. SIMON: And, I think we have not been as firm in making clear to the government of Sudan as we should be -- I've had some conversations on the phone with Chet Crocker about that. I think that is one case where we ought to make clear -- I don't care whether it's the government of Sudan, Ethiopia, or where it is -- those internal wars shouldn't keep people from getting food who desperately need it.

SEC. BAKER: The President-elect, as you know, tabled the treaty that was under consideration, the draft treaty, I think, that was under consideration at the Paris Conference in 1983 or '84.

CHAIRMAN PELL: In essence, though, this recent Paris Conference was pretty much a bust from the viewpoint of moving ahead specifically.

SEC. BAKER: Yes, sir.

CHAIRMAN PELL: On another subject, yesterday you criticized the economic sanctions imposed against South Africa, describing them -- and I think correctly -- as pretty ineffective. If effectiveness is forcing a major policy change, why then are we advocating sanctions against Panama and Nicaragua and Cuba when we don't think they're effective?

SEC. BAKER: Well, you know, I said yesterday, Mr. Chairman, that I thought there was serious question about the effectiveness of sanctions and that I favored political and diplomatic sanctions over economic sanctions. Sometimes economic sanctions can work. They have worked, to some extent, in Cuba. They've increased the cost to the Soviet Union significantly; they've got to put up \$5 [billion] or \$6 billion a year to keep that client going. And part of that is because of our economic sanctions. But,

as one who spent three and a half years a Secretary of the Treasury, I can just tell you that economic sanctions are of limited effectiveness, and many times they hurt United States interests, United States businesses almost as much as they hurt the sanctioned country.

CHAIRMAN PELL: Sanctionee.

SEC. BAKER: Sanctionee, yeah.

CHAIRMAN PELL: I'm sure --

SEC. BAKER: And that's true. That's true with -- it's probably true with South Africa every bit as much as it's with Libya.

CHAIRMAN PELL: And I thank you for that thought and I'm sympathetic to it. On another subject: The so-called American Agenda, which was a report Presidents Carter and Ford have issued, I wondered if you'd had a chance to glance at or be filled in on the foreign policy section.

SEC. BAKER: Yes, sir, I did glance at that. And I visited with both President Ford and President Carter about this job and their view of this job after my nomination.

CHAIRMAN PELL: Thank you very much. Now, we're in the third round. I see -- do any of my colleagues here have some more questions?

SEN. SARBANES: Mr. Chairman, I'll be very brief. I just want to push the Secretary a little bit on this economic agenda which I think is very important. It seems to me that given your experience at the Treasury, you're in a particularly unique position to bring an economic agenda to the Secretary of State's exercise of his responsibilities. And it seems to me there's a significant area in which the -- in fact, I think your ability to shape international events in a direction that's more amenable to our national interests is very -- is going to be very much in the economic arena.

We've talked about the debt question, and we've talked about Europe 1992. You mentioned the trade issues, which I take it is guiding all of the related items. We've not talked about the monetary system, but obviously, that's a matter of importance. And in fact, the Treasury's now under obligation to report to the Congress on that issue. How much importance do you intend to give it? The Department's not structured heavily in that direction, and it seems to me it's going to take some strong direction from the Secretary to move it into that arena if, in fact, you share the view that it's an important part of your particular --

SEC. BAKER: It is an important part of my new responsibilities, Senator Sarbanes, and we will be major players. On the other hand, I do believe that it's important that the leadership on those issues, and particularly monetary, be at the Treasury Department. That's where it quite properly belongs, and that's where it's best serviced in my view. But we will be major players and we'll be involved at a very high level in all of the interagency discussions and consideration of these issues, because they are very much a cross-cutting of political issues as well as economic.

SEN. SARBANES: Finally, Mr. Secretary, you've been accumulating a lot of assignments around here and I was noting them as they went along, you've got an awful lot of things to look into.

SEC. BAKER: Yeah, that's why when Senator Humphrey said he thought that \$11 million increase was immodest, I'm not so sure it is. We've got a lot of extra work to do now, it seems to me.

SEN. SARBANES: But I, again, would like to -- I think it would -- I mean, I'm somewhat surprised to hear that you've not looked over the Iran-contra hearings, and it seems to me that there's profit to be gained for you because it represented a breakdown of the policymaking -- not only between the Executive and the Congress, but equally as important, a breakdown with the Executive Branch itself.

I asked Secretary Shultz during those hearings, for instance, "Let me turn to the question of the ambassadors. How many instances do you know in which ambassadors in the Department operated through a back channel direct to the NSC and cut out the State Department and cut you out?" And the Secretary responded, "It's a perpetual problem," and then he goes and details some instances of the problem and his efforts to try to bring it under control. That's but one example of what was taking place.

And it seems to me, since that was an experience that was obviously very harmful to the administration, indeed, harmful to the country, I mean, it was not -- I mean, our reaction here I think was it was a matter that had to be looked into, but no one did it -- no one was happy that it had ever occurred. And it seems to me there is a lot in there that point to how things should not be done and would constitute appropriate warnings to you, as you assume these responsibilities.

SEC. BAKER: I don't mean to suggest that I'm not familiar with what happened and what didn't happen, Senator. I am. I simply have not read the record of the hearings, but I did service for four years as the chief of staff at the White House, and I think I know the way the system is supposed to work. And I can assure you that the new president and I and the new National Security Advisor have had specific discussions about this. And the new National Security Advisor was himself chairman of one of the commissions that looked into the breakdown that occurred.

So, I want to -- I really want to reassure you about -- if in case there's any doubt in your mind about whether or not I understand how it should work, and how it didn't work, and how I hope and expect it's going to work in the future. These are things that we have very specifically discussed and considered. I don't believe it's going to happen in this administration. I can't give you any ironclad guarantee or assurance, but we have a president who, again, has spent 25 years in the federal service, I think, roughly that, much of it in foreign affairs and national security matters. And I really believe that we're going to make the system work the way the system should, that we're going to respect the process, that responsible officials are not going to be circumvented, that we're going to maintain strict accountability, and that we're going to live by the rules with respect to congressional oversight -- that's our intention going in. And I don't really have to, if I may say so, read the report to know that this something that's extraordinarily important. And we have seriously considered it.

SEN. SARBANES: Finally, as Secretary of State, you, of course, have a direct responsibility for the career service in the Department -- of a great many able and talented and dedicated people in the career service. (Off-mike) -- meeting them involves a range of responsibilities, and I'm frank to tell you, I think probably both the Congress and the Department need to look at the legislation that was passed a few years ago that now affects how promotions and selection are made in the Department to see how well that's working, and whether it may not have had some unintended consequences that perhaps are harmful to career service.

The specific question though I wanted to put to you is that, I think it's accurate to say that the non-career appointments to ambassadorships in the last couple of years have reached the highest percentage of such nominees since we've been keeping records of this sort. It's now up to at 37 percent of almost two-fifths of all appointments. Back in the mid-seventies, it was 25 percent -- 22 to

25 percent. We've always had something of a mixed system, and there are arguments that can be made for it. And I have not personally subscribed to the position that all ambassadors should be career, and recognize some benefits to be drawn from an occasion bringing people in from the outside, always assuming, of course, that they meet very high standards.

But, it does create a problem. It blocks advancement within the career service. It creates a sense that people have labored long and hard, and often, with great distinction, can't advance to the top position within their profession. It's in marked contrast with how most other countries operate, and in fact, countries with whom we are in a competition of influence, often relying much more heavily on a highly professional career service. And I wondered what your thinking is on what I think is an important issue certainly for the internal workings of the Department and also for the ability of our country to effectively project itself abroad?

SEC. BAKER: My thinking on that, Senator, is that there's no magic number at which you should draw the line between political and career ambassadors. Once again, the Vice President has made his high regard for the foreign service known in a number of ways since his election. The day after he was elected, when my appointment was announced, he made a special point of praising the foreign service, speaking of his experience in having worked with them through the years. The next thing he did was to appoint a foreign service officer to the highest ambassadorial post, the post at the UN. A career foreign service officer only the second time in history. And of course, the third thing he's done is to appoint a career foreign service officer as the Deputy Secretary of State, or announced plans to nominate as the Deputy Secretary of State the number two position in the Department, so I really believe that the extent of the new President's appreciation for and commitment to the foreign service is well known and I think that in terms of who we should select for ambassadors and that sort of thing, I think the President is going to want individuals with the very best qualifications serving as our ambassadors abroad, pretty much without regard to whether they are political or career foreign service, but a very goodly proportion of those will be career foreign service.

SEN. SARBANES: Will a goodly proportion be a somewhat higher proportion than is currently the case?

SEC. BAKER: Than currently? Perhaps. I just really would hesitate to commit to a specific percentage have not really gotten any understanding on that with the President-elect. And it may be that he won't want to just lock in on a percentage and it may be that during the four years that it may vary, it may fluctuate.

SEN. SARBANES: If I could just conclude this point. Is it your intention as the Secretary of State, even in those instances in which an appointment is non-career that you should have a significant say in who the appointee is and not, in effect, have it imposed on the department by the White House staff?

SEC. BAKER: Yes, that's right, and I really believe that that's the -- that that will be the President-elect's view as well.

SEN. SARBANES: So even in those instances --

SEC. BAKER: I do have an appreciation of his political situation as well, having been closely associated with him politically for 35 years and having been, as Senator Cranston pointed out, his campaign chairman. So I don't think it's inconsistent for me to have an input on both the career Foreign Service and the political ambassadors. You don't think it's inherent, that we here need to be put in this dilemma of reviewing nominees who have come for political reasons and appear to fall short in the area of quality.

I mean, you can resolve the quality of the nominee, even if it's a political appointment, can you not?

SEC. BAKER: Well, you have to do -- yes -- you have make certain in my view that you don't send someone up who is likely to be found unqualified to be an ambassador to that particular country.

SEN. SARBANES: Well, there's a tolerance here and, occasionally, people go on, we don't find them unqualified and reject them, we pass them on through, but with a sense of, you know, "Couldn't they have done better," and it seems to me that we hope you're sensitive to that, so that the people who come, both career and non-career for that matter, come with a record of quality that we can look at and say, "Well, this would be a fine representative for our country in an important post abroad."

SEC. BAKER: Yes, sir.

SEN. SARBANES: So you're very -- you're sensitive to that concern of ours?

SEC. BAKER: Yes, indeed. Yes, indeed.

SEN. SARBANES: Thank you, Mr. Chairman. Thank you.

SEC. BAKER: Thank you, Senator.

CHAIRMAN PELL: I think Senator Dodd has not had his chance in the third round.

SEN. DODD: Thank you very much, Mr. Chairman. I'll try and be brief here. I am grateful to our candidate for the time he has spent. I know this issue, Mr. Secretary, has been raised already, but I'm not sure that it has been raised in the specific, and I'll raise it with you -- I don't expect you to necessarily lay out a solution to it at this particular moment, but again, like Senator Sarbanes has suggested, I think this is one of the issues that will demand a response fairly quickly. I speak of the refugee issue, regarding the decision that has just recently been made about taking

some of the slots allocated in the Asian area to satisfy the problem coming out of the Soviet Union.

SEC. BAKER: Yes.

SEN. DODD: There have been a number of suggestions made. One, seeking a supplemental appropriation to pick up the difference so that we don't end up competing where you have two legitimate issues. Other have been to consider alternatives for different categories, so that you could open up some more slots. Senator Kennedy has been deeply involved. Senator Simpson, I know you're aware, has been also involved in this matter. There is some concern that the recent decision regarding some people in the world may be jeopardized by this squeeze, and I think you'll find a fairly receptive Congress to wanting to help out, satisfy this problem, so that we don't play off one group against another. And again, I think it would be unfair of me to ask you what the solution to that is, or your solution is to that particular problem, other than to stress the need to come up with an answer pretty quickly on that one so that we can --

SEC. BAKER: I think there is a need to do that, and that's why I suggested -- I suppose it was yesterday -- that we may very well be back up here fairly quickly.

SEN. DODD: Fine. I thank you for that.

I want to underscore Senator Sarbanes' last couple of points. I would make a prediction that if anyone in a Bush administration tried to pull what was pulled in the last administration, you wouldn't tolerate it for about five minutes; that's my guess. Would you agree with that prediction?

SEC. BAKER: I would agree with that.

SEN. DODD: And so I'm confident that you're going to insist upon accountability from people. I do think it's important, however, even though each administration has its own signature, that you might look at some of the suggestions regarding who gets to see some of these decisions on covert operations. And my view would be that the Secretary of State and the Secretary of Defense ought to be included in that. I don't it expands the group that much, but it would, I think, be reassuring to know that there were some other people looking at this, rather than just the numbers who are presently committed to. But again, I presume you will look at that.

SEC. BAKER: Well, the general practice, certainly for the four years that I was at the White House, was that they were included.

SEN. DODD: Uh-huh.

SEC. BAKER: I can't remember and instance -- there may have been one or two, but I really can't remember an instance, Senator Dodd, where they were not included in a finding that the President made during that first term. Now, that -- that's maybe not -- I mean, I don't believe that's --

SEN. DODD: I appreciate that.

The housing issue. This is a minute issue, but Senator Boschwitz and I spent -- I spent a good part of this fall as a congressional delegate. And by the way, I want to commend the President -- and I presume you had some say in it -- on sending Dick Walters to Bonn. This is one of the most distinguished public servants this country has ever produced. And to be sending him to Bonn, I think, is highly appropriate. I had hoped in some way he might stay on at the UN, but you've made an excellent appointment there in Tom Pickering, who I have a high regard for as well. But I would hope that we might look at the housing problem of the employees at the UN mission. They've been squeezed terribly. And you're going to find you're going to have to have an economic test, in addition to whatever other criteria you want to look at, in terms of people who can go and serve in that post. It is prohibitive --

SEC. BAKER: Yes.

SEN. DODD: -- to live in that city. And we have trouble at the present time of finding people to fill the slots at that mission, and I think there are some things that can be done at our level here, in terms of the Tax Code or other things, to provide some help. And at the earliest time you want to raise a solution to that -- I am sure there are people looking at it, there have been some suggestions made already -- I, for one, would be willing to help out on that, and I think others would be as well. That shouldn't be a standard by which we determine who goes to serve in those missions on that cost. And the career people -- I think your answer to Senator Sarbanes is an appropriate one. I would hope you might give some prior consideration, where -- everything else being neutral, to the career people. In a sense, that there would be at least an assumption that, everything else being neutral, that the career person would be the one you would look to first. Obviously, I agree with you. I don't think you ought to set standards or percentages -- not standards, but percentages, on the political/career. But, I would like to think there was a presumption in favor of the career person, everything else being neutral. If I'm explaining myself adequately in that --

SEC. BAKER: I understand what you mean.

SEN. DODD: Do you agree with that?

SEC. BAKER: I don't disagree with that, Senator Dodd. I think that -- I think that's a reasonable position to take, all things being equal. Although let's assume that you did have -- let's assume you were trying to maintain a certain ratio and if you were well under that ratio and you had two candidates for post A and they were equally qualified and you really wanted to get up to the ratio, you might decide you had to go with the political. So, it's hard to make that commitment in a vacuum. If, on the other hand, you're at the levels, roughly at the levels you think you ought to be at a particular time, then if things are equal, maybe you'd lean over toward the career.

SEN. DODD: Well, I appreciate that. One of the things you may want to keep in mind with that, and I'm sure you have, is if the word goes out, in a sense, that the political doors are wide open, you may get an awful lot of pressure from people who will want to see friends and qualified --

SEC. BAKER: Senator, you're going to get a lot of pressure in any event, and we are already getting a lot of pressure.

SEN. DODD: I'm sure you are.

SEC. BAKER: So, that's there whether the word -- whether there's any word going out or anything else.

SEN. DODD: Well, all right. I think we kind of agree on that.

Another point here, and I mentioned Dick Walters. I think Dick Walters will be the first ambassador we will have sent to the Federal Republic of Germany almost in memory who speaks German.

SEC. BAKER: Speaks German, that's right.

SEN. DODD: I presume you, like I, find that appalling. That a language that is not -- this is not some bizarre, hardly spoken, unheard of tongue. And I would -- and I hope you won't find this presumptuous, but barring some exception that you would call me on or someone else would, I'm going to insist that all our ambassadors to Latin America, as Chairman of the subcommittee, speak Spanish. That's an easy language to learn. Now, if you tell me there's some special circumstances that warrant a different response, I'm going to be most responsive to your request. But I would like to think in this hemisphere, given the fact that Hispanic Americans are the largest ethnic group in this country, this is a language now in some parts of this country where you almost need to have just to get along, that it's not difficult to find qualified people who can learn to speak the language of 300 million people in this hemisphere.

SEC. BAKER: You might lose some very good people, though, Senator, if you adopted that as a rigid position. Would you consider amending it to include those who would be willing to commit to learn it?

SEN. DODD: Yeah, I'm not -- I'm trying to back away -- I'm not going to be so rigid that I say don't send me anyone. But I'd like it to be -- there's some reason -- if they'll learn it, if they're learning it and if they're in the process. But I really think it's important that they be able to have a command of that language. I would say, by the way, that most do right now. I'd be hard pressed to name -- I know a couple that are not exactly what I'd call fluent, but by and large, the people who are serving in this hemisphere do speak Spanish. So, it's not as big a problem as I'm suggesting by the question. I should add, obviously, Portuguese and French in this hemisphere, there are 150 or so million people in Brazil who would be offended if I suggested that Spanish were the

only language.

SEC. BAKER: And English in a few places.

SEN. DODD: As well, I agree. But I think you get my drift, and I'm not setting the standard as rigid as maybe the question would indicate. But I would like to see that language issue. In fact, I know Senator Simon, I think, raised earlier the importance of language training in this country. And there's a greater emphasis on that.

I thank you, Mr. Secretary, for your patience over these last two days, and I intend to wholeheartedly and enthusiastically support your nomination both here in committee and on the floor.

SEC. BAKER: Thank you, Senator.

SEN. DODD: I think we're a very lucky nation to have James Baker serving.

SEC. BAKER: Thank you, sir, I appreciate it.

SEN CRANSTON: Now that all our colleagues have either departed or exhausted the questions that they wanted to pose to you, I'd like to go on a world tour with you and visit continent and continent, country to country, and cause to cause and exchange thoughts on a lot of matters, but I will not. I think we've had two very fine days together. You've learned what our principal concerns are and you're expressed your views, I think, very clearly where you chose to at this point. And I think it's notable that we didn't have any contentiousness.

SEC. BAKER: Thank you, Senator Cranston.

SEN. PELL: Thank you Senator Cranston. I must say I share your views in my regard for the nominee. And he mentions he was the campaign chairman for the President-elect. I think (off-mike) we will not, I will not, go over that, but I am very glad that he has conducted himself as he has in these hearings that we've had right here.

SEN. DODD: Mr. Chairman, if you'd yield on that, one of the reasons I think the Democrats are so enthusiastically supporting this nomination is the very good chance that he won't be the campaign chairman in 1992.

SEC. BAKER: Not from this job, Senator.

CHAIRMAN PELL: I agree with you too, in connection with the President-elect, that 25 years of federal service gives you a certain feeling for what's right and what's not right, what should be accepted and what's not. Having had forty years in the federal service, I feel very much the same. In connection with appointing a career ambassador to the UN, that is very good indeed, but I was disappointed that he was not made automatically a member of the cabinet, as, I believe I'm correct in saying, Charlie Yost, who was the last career ambassador there, was appointed a member of the

cabinet.

I also would be remiss if I didn't express my regret at the State Department's budget priorities where so much money is being spent on the fortification of embassies. As an old foreign service officer, I always felt that the more exposure we had, the more we were out meeting the people, the more easily the people would come into us, the better off we were. And we used to make fun of the Russian embassy in Geneva with its high walls and everything. Now you go a hundred yards further up the hill and there's the American embassy with just as high walls. So I think a good deal of money is being spent in fortifications that could better be spent on people and most ambassadors, most people in the field, who are the ones at risk, share this view, when you talk with them. And in going into the foreign service, you know you're going into a risky occupation. As you know, more ambassadors have been killed than generals and admirals in the last two wars in this period of time. I think people know that and do not really appreciate quite as much fortification. I would also add here that Senator Helms asked me to add his words of praise and approval to you and wish you well. We'll have the vote tomorrow, and I'm sure the vote will be unanimous. I know I look forward to casting my vote for you. And this hearing is now adjourned, and we meet again at 10:30, half past ten, tomorrow in the Dirksen building.

SEC. BAKER: Thank you very much, Mr. Chairman.

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- Tuesday, January 17, 1989

Senate Foreign Relations Cmte: James Baker, III - Nomination for Sec. of State (17 Jan AM) (Part I)

Briefing ID: 430694 (1047 lines)

HEARING OF SENATE FOREIGN RELATIONS COMMITTEE

SUBJECT: NOMINATION OF JAMES BAKER III
FOR SECRETARY OF STATE

CHAIRED BY SENATOR CLAIBORNE PELL, (D-RI)

216 SENATE HART BUILDING
TUESDAY, JANUARY 17, 1989

CHAIRMAN PELL: (In progress) -- and Senators Bentsen and Gramm, who are here to introduce Senator-designate (sic) Baker.

And I would add that after Senator Helms has given his opening statement, I will ask -- before Mr. Baker will make his, and I believe we would immediately start with questions at that time, after each of the members have had their opportunity to ask questions.

I think our usual ten minute rounds of questions should be expanded to fifteen minutes throughout this particular nomination hearing. And I'd like to welcome three new prospective members, Senators Robb, Humphrey, and Mack. Although their appointments have not yet been ratified by the full Senate, I've indicated to them they'll be able to participate fully these hearings as if they were formal members. And I would now recognize Senator Dole, the Ranking Minority Member, if he would --

SEN. DOLE: Mr. Chairman, I --

CHAIRMAN PELL: The -- not the Ranking Minority Leader, the Minority Leader.

SEN. : (To Senator Dole) Do you want my seat?

SEN. DOLE: I'll do it right from (?) here.

Mr. Chairman, I appreciate very much -- Senator Helms -- this opportunity to say a good word about my friend Jim Baker. I have an excellent statement which I'll include in the record.

I've known Jim Baker for about 15 years, and I can attest to this Committee that he is an outstanding man. He's a man of integrity, a man of principle. He's my friend. I think he's well-known to everyone on this Committee. He's had a number of very difficult assignments in the last 15 years in government, and in each one, he's done an outstanding job.

So I -- I'm here as the Republican Leader to indicate my support, and I think I can say "our support", on our side of the aisle. And I look for this to be unanimous confirmation.

Thank you very much, Mr. Chairman.

CHAIRMAN PELL: Thank you very much for doing us the honor to be here with us. Now we recognize Senator Bentsen.

SENATOR BENTSEN: Thank you very much, Mr. Chairman. I'm delighted to be here and to support the nomination of President-elect Bush for Jim Baker as Secretary of State.

I've known Jim Baker for many years. I've known him as a political competitor, as a wise counselor, as a distinguished Secretary of State, and as a personal friend. He's a native of Houston, Texas. He combines an intellectual toughness with a personal friendliness that I think that we all treasure.

His family has given our State generations of leadership, and now Jim Baker is carrying on that tradition in Washington. His combination of hard work and sound judgment has won respect throughout the Executive Branch and in the Congress, and amongst what otherwise could be some skeptical journalists, but also, in the international financial communities of the world.

You know, when he went in as Secretary of the Treasury he didn't have a long career of experience in financial affairs and I wondered how he was going to pull it off. But I think he did an extraordinarily good job. I can recall at the time that I'd had a running debate with the previous Secretary of the Treasury insofar as what I believed to be an over-valued dollar. And that Secretary of the Treasury strongly opposed any change in that correlation with other currencies of the world. But that he changed that policy around in order to make our producers in this country more competitive, and did it in a well-managed way.

He's had two decades of private practice. He served on a number of corporate boards. He has a good education. He's had military service, and through all of that he's had an impeccable reputation for integrity.

I think that his talents are particularly suitable for Secretary of State, because he has that strategic vision that's necessary for a country, and he also has what a politician understands, what's politically possible. Like his distinguished predecessor George Shultz, Jim Baker is well grounded in foreign policy issues that are of increasing importance -- the trade question, Uruguay Round, debt of lesser-developed countries, the growth correlation between those countries and industrial powers such as our own.

I think his success in negotiation with foreign governments on economic issues which they sometimes think are perhaps more important than we do, insofar as success in international affairs.

I can recall the kind of consultation that we had on the '86 Tax Reform Bill, which was the most major reform of the tax system in 40 years -- trying to cut out some of the loopholes where you had people making millions and paying no taxes, trying to bring back credibility in the tax system. And as so often those of us in the Congress feel that the Executive branch doesn't consult, Jim Baker consulted so much with us, at times we thought we'd had quite enough of Jim Baker.

But he did a great job in communications. Like when he called after the financial chaos that we had in the stock markets in October of 1987, and the summit meeting we had then to determine priorities in the budget and try to make some headway in cutting the deficit -- Jim Baker was very much a part of it.

I believe that our foreign policy will be in firm hands and that our national interests will be strongly protected if Jim Baker is Secretary of State, and I would hope that this committee would very speedily confirm him. Thank you, Mr. Chairman.

CHAIRMAN PELL: Thank you very much, Senator Bentsen. Senator Gramm.

SEN. GRAMM: Mr. Chairman, it's my great honor to be here today to introduce my friend and my fellow Texan Jim Baker, and to join Lloyd Bentsen in telling you so many things you already know. Jim Baker knows and is known by world leaders. There's not a member of Congress that has not worked with him, that has not known him, that has not known that his word is good, that his judgment is sound, and that he is a person who can get things done.

I have worked with him in many capacities on many issues, and I have found Jim Baker to always be honest. I have found that his word is good. I have found that he combines intellect and common sense, which is an unusual combination of abilities. I have found him to be a person who has experience. He has worked in many different capacities in the federal government, beginning as Under Secretary of Commerce. Many of us have worked with him when he was Chief of Staff at the White House, as a member of the National Security Council, as Secretary of the Treasury.

When you look at the great achievements of the Reagan era, almost always there is the stamp of Jim Baker on that achievement.

We have a great opportunity, it seems to me, in foreign policy, because of the progress that we have made in the last eight years. Much of that progress has been due to Jim Baker's leadership, and I think, Mr. Chairman, making him Secretary of State, giving him an opportunity to deal with people whose respect he has already earned on behalf of America, is a wise decision. I'm pleased to strongly support his nomination. I commend him to you. I'm confident that he will be confirmed. I hope he will be confirmed on a unanimous vote, and I think the service of Jim Baker is something we can all look forward to. And I have no doubt that Jim Baker will go down as one of the great secretaries of state, as he has gone down as one of the people in each of the positions he has held in the past, who has done the most, achieved the most, and produced the most progress for the American people. So I'm happy to be here. I'm happy to commend him to you, Mr. Chairman.

CHAIRMAN PELL: Thank you very much, indeed, Senator Gramm. And I thank all of my colleagues for being here and introducing the Secretary-designate.

I will make my opening statement and Senator Helms will make his, and then, we look forward to hearing Senator Baker. I would hope my colleagues, if they wish to make statements, would do it in their allotted 15 minutes.

And first of all, as we get underway, I'd like to extend a warm welcome to Mr. Baker, and also acknowledge the presence here of his wife, Mrs. Baker, and we're very glad that you're here for this occasion.

You've had a distinguished career, and, in fact, in recognition of the importance of the post to which you're assuming, and at the request of you and at the request of the majority leader, Mr. Mitchell, our committee is now conducting these hearings early, and hopes to act on your nomination even before the nomination papers are formally received after the inauguration.

Members of our committee have many questions to ask you in order to ascertain where our new President and you will be leading our nation in the conduct of its foreign policy. And despite the bitterness and negativity of the 1988 campaign, it's interesting to note that there are now fewer partisan differences in the area of foreign policy than I can recall in quite awhile. Accordingly, the circumstances could be propitious for the restoration of bipartisanship in foreign policy, which has been sorely lacking for quite awhile. In this regard, during the course of these hearings, the committee hopes to be assured of the new administration's commitment to work with Congress, not against it.

In my view, there is no more urgent priority facing you than to continue the momentum in arms control with the Soviet Union; more particularly, in the area of strategic weapons. In this regard, I applaud the actions that are being taken by President Reagan and by Secretary Shultz. The evolution of the administration's arms control policy and rhetoric over the past few years demonstrates

there truly is new thinking in Washington as well as in Moscow. Perhaps, with luck, there's a hope that you and President-elect Bush may have the great fortune of presiding over the burial of the Cold War.

As you develop your arms control strategy, I hope you will reject the advice of those urging that progress in the bilateral START negotiations be linked with developments in the upcoming multilateral conventional stability talks. The need to reduce the threat of nuclear war is of such overriding importance that we should not put new obstacles in the way of reaching agreement with the Soviets on a START treaty by tying it to any other matter. It's simply bad policy to hold START hostage to a multilateral process that, by its nature, will be more difficult, more time consuming, than a bilateral negotiation. We need to press ahead in the area of conventional forces, but on a separate track.

President Gorbachev's recent announcement of a unilateral cut in Soviet forces provides a good backdrop for the conventional arms negotiations. And, in this regard, I hope you'll be persistent in impressing upon our European allies they must be prepared to do more themselves as part of a Western strategy to obtain further reductions in Soviet forces threatening Europe; to truly engage in burdensharing.

There are four other areas of foreign policy that are of particular interest, and to which I hope serious attention will be given by you.

First is chemical weapons. Last year, the Senate, on three occasions, passed legislation that I introduced to impose sanctions against Iraq for its use of poison gas against its Kurdish population. The administration, I regret to say, opposed this legislation, but declared its interest in pursuing a worldwide ban on the production and stockpiling of chemical weapons. Since chemical weapons is the poor man's weapon of mass destruction of the future, I hope the goals outlined by Mr. Bush in his Toledo speech last October will be one of the centerpieces of his foreign policy as President.

Secondly, I hope you will reexamine American policy toward Cuba. Our effort over the past 30 years to embargo, to isolate, to invade, and even to assassinate have all failed. In light of new thinking in Moscow, a peace initiative in Central America is, I believe, a good thing to embark upon. I visited Cuba in late November, and I'm convinced that a process of small steps on each side could set off a chain reaction of actions beneficial to the peace of the entire Caribbean area.

Thirdly, it will not bring us much comfort if an improved political climate is accompanied by continued destruction of the world's physical environment. I hope the new administration will approach such questions as depletion of the ozone layer, deforestation, and the overall greenhouse effect, with real urgency.

. Finally, I hope that you will dust off the Law of the Sea

Treaty and give it a fresh review. An eminent Republican, Elliot Richardson, was ever so close to success before ideologues in the early 1980s persuaded President Reagan

to withdraw US participation in resolving the few outstanding issues. It would be a great achievement if the new administration helped to ensure the entry into force of a treaty designed to prevent conflict on three-fourths of the earth's surface covered by oceans.

Senator Helms, I recognize you at this time, sir.

SEN. JESSE HELMS (R-NC): Mr. Chairman, I thank you very much and I join you, of course, in welcoming Mrs. Baker, a lady whom I admire very much, and also their son, Jamie, who's seated right behind Mrs. Baker. We welcome him too. I know you're proud of your husband and your dad.

Mr. Chairman, I want to thank you for moving so expeditiously to hold these hearings on the nomination of Mr. Baker before the inaugural ceremonies on Friday. It's a tribute to the esteem that the Chairman holds for the foreign policy process. It's also a tribute to Jim Baker's reputation in this city. He has fulfilled each of his responsibilities in a capable and professional manner.

Secretary Baker, I would say to you that you've already gone out of your way to make yourself available to members of this committee. And that bodes well, I think, for a foreign policy based on bipartisan consultation.

And let me say publicly what I've tried to convey to you privately, Mr. Secretary, that I believe that you are uniquely qualified to carry out the President-elect's objectives in foreign policy. And Mr. Bush comes with a strong mandate from the American people. And, in the field of foreign policy, the President-elect is enormously qualified and respected.

Both presidential candidates touched hidden springs of patriotic national feelings in the campaign; and, we have emerged, as a result, as a people with our national identity reinvigorated. We are proud to be Americans in a world which sometimes seems to demand faceless internationalism.

Our former colleague, Mr. Chairman, Herman Talmadge, used to say that the State Department had a South American desk, and an African desk, and a European desk, and what it needed was an American desk. And I have a hunch, Mr. Secretary, that your desk is going to be the American desk.

Now, the world today is remarkably changed from eight years ago, as my distinguished Chairman has just described. We face a new Soviet leadership that is more subtle and more effective in achieving its goals. As the President-elect said during the campaign, we must keep our eyes open and be cautious. Indeed, the Soviet Union is much stronger militarily than it was eight years ago. Its Krasnoyarsk radar is a material breach of the ABM Treaty;

the Soviet Union has modernized its strategic weapons systems and tested them against the United States, but its economy is bankrupt. And the question is perhaps whether US banks will be permitted to finance the Soviet deficit to bail them out. We shall see.

Now President Reagan could rightly boast that not a square foot of territory has fallen to the communists during his term in office, two of them. But the freedom fighters are still fighting in Afghanistan. The freedom fighters in Nicaragua have been left high and dry by this Congress, and already thousands of refugees are knocking at our door in their flight from communist tyranny -- perfectly predictable. Many of us said it would happen, and it is happening.

In Namibia, the State Department has mediated an agreement which will almost assuredly result in a so-called, quote, "democratic," end of quote, takeover by a Marxist terrorist group, SWAPO. And the same agreement leaves our ally, Jonas Savimbi, dangerously exposed in Angola while the Cuban occupation force supposedly withdraws, but we'll talk about that.

These are some of the important problems which our nation faces, but there are many others as well: The future of our free market economies in South America, the role of Soviet intelligence agencies in spreading the drug trade, the need to eliminate the communist insurgency in the Philippines, the rise of the European Community as a single trading area in 1992, our trade and financial relationship with the Pacific Rim, and so on.

But finally, let me focus for a moment on the growing menace of the proliferation of chemical warfare capability to nations that have a history of promoting terrorism. Mr. Bush said during the campaign that there was one thing he would like to be able to tell his grandchildren, and that was, and I quote him, "Your grandfather working with the leaders of the Soviet Union, working with the leaders of Europe, was able to ban chemical and biological weapons from the face of the Earth." I, too, would like to be able to tell my grandchildren that I helped the President and that I helped the Secretary of State to attain this goal. From my discussions with the distinguished Chairman, I think -- matter of fact, I know that he shares that goal. And I tell you, Mr. Chairman, I stand ready to work with you.

The international prohibition on the use of chemical and biological weapons by and large held fast until the late 1970s, when the Vietnamese communists began using so-called "yellow rain" to overcome resistance to their conquest in Indochina. They demonstrated that chemical and biological weapons are extremely effective, as the Chairman has indicated. Yet they received little censure, almost none, from the world community.

Once the prohibition against chemical weaponry was broken, a vile international trade in the materials and technology related to chemical and biological warfare has risen. It's not just countries that adopt policies of manufacturing chemical and biological

weapons. No, sir. Well-known industrial firms in the West provide precursor chemicals -- build the chemical plans, fabricate the weapons, and facilitate the delivery system.

According to published reports, a German chemical company built the Libyan poison gas plant, and a Japanese firm machined the bombs, and a German company is providing the air-to-air refueling capabilities so that Colonel Qadhafi can wage war on his neighbors. Once more, published reports say that Germany's largest bank financed this deal, and up to 30 other German and Belgian banks and firms as well as the Swiss banks participated.

So, that's a problem, and I'm sure it's one that the Secretary's going to face right at the beginning. If we are to make the President-Elect's dreams come true, we must work out an approach, I think, that applies sanctions not only against the countries that are supplying these weapons to terrorists, but against the Western industrialists who are co-conspirators in the chemical weapons trade.

Mr. Secretary and Mr. Chairman, I look forward to working with you on these and other challenges. Thank you very much.

CHAIRMAN PELL: Thank you, and I thank the Ranking Minority Member for his statement. I would suggest now that we hear from Mr. Baker. I would hope my colleagues, if they have opening statements, would use their question period. And as suggested earlier, it would seem appropriate to make it 15 minutes for each of us, as we go down the line, and that gives my colleagues an opportunity to figure out if they want to slip away and come back at different times. I now recognize Mr. Baker. I notice you have a pretty hefty 33-page statement, I understand you will be abbreviating.

SEC. BAKER: I don't plan to read it all, Mr. Chairman.

CHAIRMAN PELL: We will absorb it, and I thank you. Please go ahead, sir.

SEC. BAKER: I'd like to summarize it, if it's all right with you, and ask that the full text be submitted for the record.

CHAIRMAN PELL: Without objection.

SEC. BAKER: First, Mr. Chairman, I'd like to thank the Minority Leader, Senator Dole, and my home-state Senators, Bentsen and Gramm for introducing me this morning. I'm very appreciative of their being here.

And second, Mr. Chairman, I want to say it's an honor to appear before this Committee as President-Elect Bush's nominee to be Secretary of State. I very much appreciate your willingness to hold these hearings while we're still in the transition period. I think every administration aspires to hit the ground running instead of just hitting the ground.

With your permission, Mr. Chairman, I will summarize my written

statement, as I've indicated. On this Friday a new President takes office.

He will govern an America vastly different from the country that we knew even as recently as the beginning of this decade.

When George Bush first campaigned for the presidency, American institutions and American values were being questioned. Over the last eight years, I think it's fair to say that we have reaffirmed them. As a result, our nation has emerged much stronger, both at home and abroad; and for this we owe thanks to Secretary Shultz and, above all, to President Reagan. The legacy of the Reagan era, I think, is a more vibrant America. We have proven that our President can lead, we have proven that our government works, that progress can be made.

The creativity of the individual and respect for his or her rights, which, of course, are the touchstones of democracy, have become once more ideas in the ascendancy. Some of that vibrancy is reflected in the international developments of our time. Our most powerful foe, the Soviet Union, so aggressive a decade ago, is undergoing an ideological soul-searching of historic proportions. Regional conflicts, long thought to be intractable, in Southwest Asia and Southern Africa, for example, have begun moving toward resolution with the help of creative American diplomacy. And the international economy, driven by the longest American peacetime economic expansion on record, has provided new hope for progress. These developments are symptomatic of the great changes and challenges that we face in the decade ahead.

Mr. Chairman, I think that our world is undergoing five very significant transformations. First, the democratic revolution -- many nations in Latin America have recently achieved democracy or they are struggling toward it, while in Asia the Philippines and South Korea have joined the democratic ranks. Many of these democracies we all recognize are very fragile.

Second, the spread of free enterprise -- free markets and private initiative are the new watchwords of economic development. Why? Because these concepts work in practice. Classic socialism and variance of government-controlled economies have been largely discredited, but in many regions the problems of debt, large trade imbalances, and protectionist pressures overshadow this progress and seriously threaten our future.

Third, change in the communist world -- virtually every communist government is now experimenting with economic ideas that were once denounced as heretical, including a role for a market economy. But the crisis of the communist systems, even by their own admission, is considerably broader. Political change, especially the demand for freer institutions, is very high on the agenda. Yet, it is not clear that reforms will be successful

or that democracy will be the outcome.

Fourth, technological progress. Rapid advances in the

technology of information and communications have helped to bring about a global economy, shrinking time and space and transcending the traditional boundaries of the nation-state. But it is not yet certain that we will have the cooperation which we need to cope with these changes.

Fifth, new military trends. The same technological change affecting the international economy is altering strategic military relationships. Precision guidance enables the conventional weapons of today to destroy targets that, in years past, were assigned primarily to nuclear weapons. Research on the strategic defense initiative is exploring the potential for altering the future mix of offense and defense. But there is another, I think more worrisome, aspect of the new military trends. And you alluded to it, Mr. Chairman, and so did the -- so did Senator Helms in your opening statements.

A dangerous proliferation of high technology has begun. Just as we are controlling or eliminating some nuclear weapons, chemical warheads and ballistic missiles have fallen into the hands of governments and groups with proven records of aggression and terrorism.

So, Mr. Chairman, I think these five transformations present us with a series of contraries or paradoxes. We could advance toward an increasingly democratic world, or, if fragile democracies fail, the cause of freedom could be reversed. The international economy could continue to grow, or the stresses of competition could lead to protectionism and rival trading blocs, ultimately to the disadvantage of all. A properly conceived approach by the Atlantic alliance could extend the progress we've made with the Soviet Union, or, through mistakes on either side of the Iron Curtain, this opportunity could be lost.

Finally, new military technologies could provide a greater stability at lower levels of forces, or we could encounter a new and darker age if we cannot halt the spread of weapons that put nations on a hair trigger, particularly in politically unstable regions.

I am asking you to vote to confirm me as Secretary of State, so it is right and proper that I tell you as best I can of my approach, to this challenging world, this world of contraries. During my legal training, Mr. Chairman, I became aware of a set of lectures by Justice Benjamin Cardozo called "The Nature of the Judicial Process." And I recall being struck by his observation that there is, in each of us, a stream of tendency, whether you choose to call it philosophy or not, which gives coherency and direction to thought and action.

Some have described my philosophy as pragmatic. I'd like to say that labels can sometimes be misleading. I am actually a Texas Republican, all of whom are conservative. I will admit to pragmatism, however, if by that you mean being realistic about the world and appreciating the importance of getting things done. My purpose is not to understand this world in order to

accept it, but to understand it in order to change it where necessary -- sometimes by large steps, often of necessity by small steps, yet always pressing forward. And I think the only sure guide for such change is the compass of American ideals and values: freedom, democracy, equal rights, respect for human dignity, fair play, the principles to which I adhere.

I believe in freedom for the individual because it's a God-given right and the source of human creativity. The founders of our country recognized that such freedom was preserved best by limited government, the checks and balances system that still provides the framework for our success. Part of that system is a decentralized government -- a government close to the people, a government of the people.

I would argue too, that economic freedom, the free market system, is an essential part of the framework.

Finally, and above all, I believe like Lincoln, that the United States has a special role in this world, a special contribution to make. As he put it, "the last best hope of Earth." My sense of realism, my stream of tendency if you will, tells me that we can advance toward these ideals if we are resolved on two issues. The first is the necessity for American leadership. Some years ago, as Secretary of the Treasury, I spoke of the leadership choice, but, in fact, I think it may be no choice at all. As the most powerful democracy, the largest economy, the wealthiest society, and the greatest concentration of scientific talents, we are going to substantially effect the future whether we do so consciously or not.

United States leadership must adjust for a world that has outgrown the post-war era. Emerging realities will not permit a blind isolationism or a reckless unilateralism. Only through a realistic approach can we write a new chapter of American leadership for a rapidly changing world.

There is a second issue we must resolve, and again, it's already been spoken to this morning. It concerns the relationship between the Executive and the Congress in the realm of foreign policy. Simply put, we must have bipartisanship to succeed. That is the verdict of history and that is the verdict of recent experience.

On this subject, let me quote Dean Acheson. He was evidently acquainted with some of our Texas customs because he said that there was a rule in the saloons of the old West, that you never shoot the piano player. And Dean Acheson wrote that, "In foreign policy, the President was the piano player." So, yes, this is an appeal, Mr. Chairman, for a kinder and gentler Congress. But bipartisanship is also -- is also a great deal more than Dean Acheson's "holy water" sprinkled on political necessity, it's the lubricant that enables the branches of government to overcome their natural constitutionally-designed friction, a friction that arises from our differing perspectives and our different responsibilities.

Let our recent experience be our teacher. When we held the line together on Afghanistan, or throughout the INF negotiations, we succeeded. When we did not, in Central America, the outcome was unsatisfactory to everyone.

So the conclusion is inescapable. In order to succeed, we simply must work together. And a bipartisan foreign policy, I think, is sustained by three principles. First, trust that we each have the public interest in mind, that we are doing our best to carry out our respective responsibilities. Second, consultation; that we are trying to communicate, that we are taking off and landing together. Third, consistency; that our decisions and agreements, once they are arrived at, are in fact decisions and agreements that will be kept.

Senators Danforth and Boren have suggested a new means of consultation, including periodic meetings of members of Congress with the Secretary of State and sometimes the president, to discuss the longer and the larger-term issues. As President-elect Bush wrote to Senator Danforth on November 18 last year, "As soon as my national security team is in place I will ask them to meet with you to discuss your excellent suggestions. I look forward to that meeting."

Armed then with the conviction of American leadership and the practice of bipartisanship, let us together, Mr. Chairman, the Executive and the Congress, tackle the formidable agenda which is before us.

First on that agenda is our neighborhood, the countries that border us -- the countries of our continent and our hemisphere. The United States, of course, is both a continental and maritime power, which gives us a very unique geopolitical perspective. But we are not exempt from the old rule that foreign policy begins at home. It is rooted and it must be rooted in our values, and it gathers both strength and vitality from our immediate neighborhood.

Recently, working with Canada, we were able to achieve a Free Trade Agreement, something both nations had sought for 100 years without success. In my view, the Free Trade Agreement is in our mutual interest and there are geopolitical implications that go far beyond the economic significance of this agreement. The United States-Canada agreement represents a signal of (?) success in a strategy designed to move all nations toward a more open trading system. It shows that an active, internationalist free trade policy can catalyze a bipartisan domestic coalition and can turn back the forces of protectionism. And we look forward to working with Canada on other important issues, including international environmental problems, as we extend the range of our new cooperation.

To the South, we have an equally significant set of issues to consider. Our neighbor Mexico is deeply in debt and faces some serious challenges to its social fabric. But Mexico also has many assets -- the capability of its people and its significant natural

resources. The Mexican government, led by President Salinas, is taking the road of economic and political reform. It's a difficult road, and we are determined to help. It is in our interest to do so.

It is time that we regarded Mexico with the respect and the seriousness it warrants. Whatever the past, we must all be aware that America's relationship with Mexico means a very great deal. I happen to believe, Mr. Chairman, that it is as important as our relationship with any other country in the world. I am convinced that we can make progress together, working on the basis of equality and mutual respect.

Another matter on our agenda, of course, is Central America. We have now had nearly 10 years of frustrating and sometimes contradictory American policies toward that region. Some successes have been achieved. Most Central American nations are more democratic and more respectful of human rights than they were, and we must help to defend those achievements from threats against human rights, whether the threats are from the left or from the right.

Still, the overwhelming blemish remains the terrible draining conflict between Nicaragua and her neighbors, and between the Nicaraguan Marxists and their own people, some of whom have taken up arms and merited American support. Starting in 1987, all of the governments of the area stepped back from the brink long enough to agree on a set of principles for peace. The Esquipulas agreement, known as Esquipulas II, and authored by President Arias of Costa Rica, expresses well everyone's objectives. It is a good platform for peace, but what it lacks, in my view at least, is a mechanism for enforcement.

Clearly we need a different approach. We need an approach that must be bipartisan here in Washington if it is to succeed there in the region. Events have shown that only such bipartisan action influences the Sandinistas. That is why we must unite on clear goals for Central America: democratization, development, and security for every state in the region. All of them must be free of the fear of subversive neighbors. All of them must be able to share in an economic development plan, perhaps assisted by our European and Japanese allies.

But none of this can occur unless the promises of democracy and security become reality. We must insist on protection for human rights in Nicaragua, El Salvador and their neighbors, applying at all times equal standards fairly to all. These objectives of American diplomacy carry a great national responsibility. We cannot and we must not abandon the democratic resistance. We must stand by them until our mutual goals are achieved.

Finally, I'd like to make a suggestion. In 1992, we will celebrate the 500th anniversary of Columbus' voyage of discovery. I'd like to suggest that today we embark on a voyage of rediscovery of the Caribbean and of South America. Our neighbors in this

hemisphere are engaged in a quest for greater freedom and economic progress. We share many of their interests and, together, we also face the scourge of drugs. Now is the time to take a fresh look at these problems and to make more of our opportunities to overcome them.

Let me move now from our neighborhood to the broader world of our friends and allies. Through commerce, political alliance and defense agreements, the United States links together two highly dynamic advanced regions, Western Europe and the nations of the Pacific. We are at once an Atlantic power and a Pacific power, and there should not be any thought to expand one relationship at the expense of the other. Realism compels us to understand the great changes taking place among our allies and friends in both regions.

This year marks the 40th anniversary of the founding of NATO, the most successful alliance in history. But today's Western Europe is not the exhausted Europe recovering from its own devastation, nor is it yet the single Europe of the political visionaries. A new appreciation is needed on our side and theirs of how we can adapt to changing circumstances as a force for peace. Certainly in the first instance, it requires, as President-elect Bush has suggested, a meeting of our minds on how we proceed with a changing Soviet Union. The stakes haven't changed, our commitment to NATO is stronger, because we as nations are stronger. As long as Europe remains the most heavily armed continent, where American and Soviet troops face each other on the front lines, the Atlantic Alliance will be our first line of defense.

1989 also marks 32 years since the signing of the Treaty of Rome, that gave official birth to the Common Market. And in only three more years, the enlarged Common Market will have achieved the objective of that treaty, a single market. But will this new Europe, a rising economic superpower, be outward looking or inward? As an ally and as a major trading partner, the United States will take a keen interest in this transformation.

Turning to the Pacific Rim, we find a striking success already in the making. No area offers comparable achievements in creating advanced economies in record time. This economic progress is anchored in the remarkable partnership, which is now four decades old, between the United States and Japan. I expect that partnership to strengthen further and to expand in scope. Many have spoken of the Pacific century and the Pacific Rim as the world of the future. One thing, I think, is certain: the world's economic promise to the end of this century depends on how well the United States and its Pacific partners manage their affairs. Our relations with the Pacific, as our relations with Europe, and, indeed, our own continent, must emphasize outward-looking economic policies that promote trade and growth. The rule that success brings responsibility will find a fuller expression as the Pacific nations assume more important economic and political roles. Our policy toward the Pacific as a whole must tie together all strands to assure the region's economic growth with its global implications in the context of a secure regional deterrence. I think we're going to see in Asia the necessity for closer coordination with ASEAN and

other regional groups and perhaps even new institutional arrangements.

The future of our civilization also demands that we act in concert, Mr. Chairman, to deal with a new class of problems, transnational in scope. Terrorism has become a means for small groups, sometimes supported by nations, to attack innocent civilians around the world. The narcotics traffickers have become powerful enough to undermine governments, even as their drugs poison societies. Fanatics spread their messages of intolerance and hate, using mass communications that cut across borders.

Every nation also knows now that we face major ecological challenges. The tides and winds can spread environmental damage to continents and hemispheres far removed from the immediate disaster. Scientists have warned us against the possible consequences of a long-term warming trend, or the so-called "greenhouse effect." No one has yet perfected the policies of collective action that we need to deal with this special range of global problems. But, the stakes are too high for us to desist. We will begin with our allies, include our friends, and challenge our adversaries to make common cause in treating with these issues.

Beyond the Americas, beyond greater partnership with our allies, beyond facing global problems, lies the United States-Soviet relationship. Thanks to the policy of "peace through strength" pursued over the last eight years, our dealings with Moscow have become noticeably less tense. Some have suggested that this progress deserves a radically different United States policy. Others fear that Mikhail Gorbachev has stolen a march on the democracies through such actions as the unilateral reduction in troops and tanks in Europe. The meaning and permanence of the new Soviet policies are being debated intensely here and abroad.

There are good reasons for both optimistic and pessimistic views of today's Soviet Union. No one can doubt that there are very real changes. Many of them were unthinkable just a few short years ago.

So, there are reasons to be hopeful, but realism requires that we be prudent. However fascinating the twists and turns of perestroika may be and however riveting the details of Soviet decline as reported in Soviet newspapers, the Soviet Union remains a very heavily armed superpower. The talk is different, but the force structure and policies that support far-reaching interests and clients have not changed commensurately. Many of those policies and those clients are hostile to American values, and they threaten our interests and our allies. That is a reality.

Still, I would not underestimate the impact of Moscow's domestic troubles on Soviet foreign policy. Marxism-Leninism, as a philosophy for a society, must be in doubt when the system, after 70 years, produces declining health, shortages of food and consumer goods, and an obsolete industrial base.

The political changes now being made are themselves reflective of a continuing paradox. While the purpose of reform is ostensibly to prevent a recurrence of dictatorial abuse, the reform itself depends on the concentration of power in just one man's hands. In light of both the change and continuity in the Soviet Union, realistic American policy should, I think, be guided by these principles.

First, we should continue to welcome reform and changes in the Soviet Union that promise more freedom at home, in the workplace, or in public institutions. But we should never measure the progress of Mr. Gorbachev's reforms by how many credits, concessions or accommodations we might make ostensibly to help him succeed with his domestic plans. Ultimately, as the Soviets themselves acknowledge, perestroika depends not on help from outside, but on political, bureaucratic and sociological changes in the Soviet Union.

Second, while recognizing that Moscow's policies are informed by a new sense of realism, we should also understand that our policies have contributed to that sense of realism. Where we have not raised the cost of adventure or aggression, we see little evidence of change.

Third, we must continue to probe Moscow along every aspect of our agenda -- arms control, human rights, regional conflicts, bilateral relations. Human rights means full compliance with the Helsinki Accords. There can be no relaxation of our standards on this issue.

Fourth, we need additional focus on the regional conflicts, whether in Central America, South Asia, southern Africa, the Persian Gulf, or the Arab-Israeli conflict. We should not allow the rhetoric of restraint to become a substitute for restraint itself. Nor should we permit interest in diplomatic processes to be sufficient in the absence of a commitment to making actual progress.

Fifth, we may need a new category in our relations

to deal with the global problems I mentioned a moment ago, such as terrorism, drugs and the environment. We ought to find out whether Moscow can be helpful on these issues, and if not, why not.

I'm convinced that Western strength and Soviet domestic weakness have set the stage for the remarkable realism that has distinguished Mr. Gorbachev's tenure so far. Our task is to arrange affairs so that whatever the outcome of perestroika, a more responsible, constructive Soviet foreign policy will remain in Moscow's interest.

I want to turn now, Mr. Chairman, briefly, to some of those very regional conflicts that have denied peace and freedom to the peoples of Southern Africa, South and Southeast Asia, and the Middle East. We have made encouraging progress, I think, in the recent agreement that provides for Namibian independence and a withdrawal of Cuban and South African troops from Angola. And we will be watching very carefully to be sure that Cuba does carry out its

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obligations. But more is needed. Angola desperately requires national reconciliation. And until that occurs, we shall continue to support UNITA and Jonas Savimbi, as President-elect Bush has indicated.

Turning to the Middle East, the Arab-Israeli conflict has long engaged America's attention, its resources and goodwill. Now, President Reagan has authorized a dialogue with the PLO. Dialogues, Mr. Chairman, bring messages. And we are bringing a message to the PLO about terrorism and about the need for even more realism -- realism that makes practical progress on the ground possible. But misunderstand our overall policy or to question our enduring support for the state of Israel. Nor have we altered our belief that an independent Palestinian state will not be a source of stability or contribute to a just and enduring peace.

Today the rocks are flying and the blood is flowing -- bad blood between the Palestinians and the Israelis in the areas under Israeli military administration. We are determined to build upon the achievements of our predecessors in changing that situation, which must be the foundation of a secure peace. And we look forward to working with all the parties in the area to achieve it.

The final point I want to discuss is the proliferation of new and dangerous weapons, often to states with a history of terrorism and a history of aggression. Perhaps the most frightening is the combination of the ballistic missiles, against which there is currently no defense; and chemical weapons, outlawed, of course, as a crime against civilization. Yet the fact remains that these weapons have been used. The international reaction to such use has not been strong enough, nor has it been timely enough.

So, Mr. Chairman, clearly we face a formidable agenda as we attempt to deal with the contraries of our age. Yet we start with the strong hand of a strong America. And we shall persist, because we know that the stakes are very, very high. In a few years, we could know whether a lasting constructive relationship with the Soviet Union is possible. We could know whether the world economy will progress. We could know whether our allies in Europe and Asia will look outward. We could know whether we can extend arms control and deterrence, whether we can deal successfully with global problems like the environment, terrorism and drugs, and whether we can create the new frameworks for the developing countries to move forward free of the curse of regional conflicts.

For me and for my generation, these are great prospects, but they are even greater for the next generation of Americans. President-elect Bush spoke for all of us when he said to a group of students at Westminster College, "We have lived our lives partly in the sunlight, but always in the shadow of struggle. That struggle is not yet over." And then he told these young Americans, "Your generation has an opportunity to emerge from that shadow and finally enjoy the sunlight without fear."

Mr. Chairman, members of the Committee, I'm certain that a

realistic American leadership can seize that opportunity and usher in a more peaceful and prosperous era. It's the chance to lift the shadow of a struggle and to leave a better world for America that motivates me. That is why I am here today, and that is why I seek your support. Together, and under the leadership of our President, we can do it. Thank you, Mr. Chairman.

CHAIRMAN PELL: Thank you very much indeed, Mr. Secretary. I would ask our sergeant-at-arms to set the clock for 15 minutes on these questions. And on a slightly lighter tone, I would note that it's of interest to you, as a Princeton graduate, that the Secretaries of State, Treasury and Defense, the three top posts in the government, are all held by Princeton graduates, and that you are succeeding a Princeton graduate. I just couldn't help mentioning that to lighten the proceedings for a second.

SEC. BAKER: (Chuckles.)

CHAIRMAN PELL: Going to the START talks, each administration, when it comes in, Democratic and Republican, always goes through a period of rediscovering the wheel. The START negotiations were pretty well developed under the Reagan administration. I'm just curious as to your own thinking as to when your review, the rediscovery of the wheel, or whatever we call it, will be complete, and we could really plunge ahead and get that agreement, which was almost worked out three months ago.

SEC. BAKER: Mr. Chairman, I wish I could give you a date, but I can't, because frankly that is going to be a decision that will be made by the President after discussion not just with the Secretary of State, but with the Secretary of Defense and other national security officials. We have to, it seems to me, do more than just simply review the position. We must take a hard look at our negotiating position. I must make some recommendations to the President with respect to whether or not we should change any of our negotiating objectives. And the Secretary of Defense is going to have to make some recommendations to the President with respect to strategic modernization that impact this area as well.

So I'm unable to give you a firm timeframe. The President-elect has made it very clear that he wants to build upon the progress that has been made to date with -- in the START negotiations. But we do want to review the bidding. We want to take sufficient time to do it right, so that

if we accomplish a treaty, we can bring back a treaty that we can get ratified here in the Senate.

CHAIRMAN PELL: Would you agree that the movement in this direction should proceed without any linkage to any other discussions and negotiations that are going on?

SEC. BAKER: Well, I imagine that issue too will be -- will be surfaced with the President and considered by him. It would be my thought that we should move forward with the -- initially, at least, it would be my thought that we should move forward with the START

negotiations without necessarily linking them to anything else. We do now have what seems to me at least to be a balanced outcome to the CSCE discussions in Vienna, so we know that conventional arms negotiations will be commencing, will be beginning. And I'm not sure that formal linkage is something that would be required.

CHAIRMAN PELL: Good. Thank you very much. In connection with chemical weapons, President-Elect Bush said, quote, "If I'm elected President, if I'm remembered for anything, it would be this, a complete and total ban on chemical weapons," unquote. What specific steps do you see yourself taking as his Secretary of State in moving in this direction?

SEC. BAKER: Well again, as you know, Mr. Chairman, there has been recently concluded in Paris an international conference on chemical weapons. I think we need to continue to move that process forward. Some people say, well, you can never get a chemical weapons agreement because it's so difficult to verify, or you can't expect to stop the proliferation of chemical weapons because it's just going to happen. And I suppose my answer to those folks would be that our non-proliferation efforts sometimes work better than we think they might.

Years ago when we first started working against the proliferation of nuclear weapons, I doubt that there were many people who would have -- who would have thought that today we would have seen as little proliferation in nuclear weapons as we've seen when these things started 25 years ago. So, it's going to be something that's very much at the top of our agenda. We recognize fully the problems with verification. But, we would like to move the process because we think the threat is so substantial, as the President-Elect has indicated.

CHAIRMAN PELL: Senator Helms and I had legislation that passed the Senate, but was proposed by the previous administration exerting sanctions on Iraq for their actions against the Kurdish minority using chemical weapons. What is your own view with regards to the imposition of sanctions on those nations that do engage in not only the manufacture, but the use of chemical weapons?

SEC. BAKER: Well, generally speaking, I would -- I think I would be in favor of that, Mr. Chairman, although I think we have to recognize that sanctions sometimes work and sometimes don't work.

If you're talking about diplomatic and political sanctions, I think they have sometimes a better chance of working than economic sanctions. It's my understanding that the reason the administration opposed that legislation was because they thought that at the time, with reference to that particular country, it would be quite counterproductive. But generally speaking, I think we have to take firm measures. We're going to have to be willing to take, as my statement indicated, firm measures to stop the proliferation of chemical weapons.

CHAIRMAN PELL: Thank you. Last week, Secretary Shultz, for whom both you and I have great respect, offered a summary view of

his experience as Secretary of State by placing many of the problems in American foreign policy on what he described as a chaotic Congress. I was wondering what your own views were with regard to that?

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SEC. BAKER: Well, I'd like to see us start referring to it, first off, Senator Pressler, as creative responsibility sharing or division of labor, because I think it's broader than just burden sharing in terms of the defense relationship. Sometimes I think that the allies do a bit more than is acknowledged, and I certainly think it's important that we count host nation support and conscription exercises and things like that, that are done on their turf. I think burden sharing, division of labor, should remain high on our agenda. We should continue to press for greater burden sharing by our allies. I do believe that we've got to recognize that Japan is moving more and more in this direction. France does some things in Africa that I think could quite properly be counted under the heading burden sharing. It is a matter that I felt, as Secretary of the Treasury, and will feel as Secretary of State, is quite proper for us to inquire into and to negotiate with our allies with respect to.

SEN. PRESSLER: Thank you very much, Mr. Secretary.

CHAIRMAN PELL: Thank you. Senator Kerry.

SEN. KERRY: Thank you very much, Mr. Chairman. Mr. Secretary, I join, obviously, with my colleagues in both welcoming you as well as congratulating you. And I just wanted to express my personal appreciation to you for the time you took to spend individually with us, and I want to thank you for those discussions -- they were most helpful -- and also for your follow-up on a number of matters that we discussed during that time.

A number of my colleagues have asked about aspects of the environment, and I would like to do so, notwithstanding the fact that perhaps to each of the questions you have suggested that not yet is there an official agenda. And I'd like to do so perhaps partly because hopefully, I think we'd like to hear some of your personal thinking on it as you assume this important post. And also, perhaps even in the questions unanswered there is a heralding of issues to come before us, and perhaps an underscoring of the importance of those issues.

One of the blessings of being out of here for a while is that we get a little more time to read and think. And I spent much of that time reading recent studies and increasing literature about a number of different issues regarding the environment. And while I thought myself knowledgeable and have worked for many years on acid rain and some other issues, I must say that genuine concern was really turned into both profound and genuine alarm at where we are.

And I would like to suggest that the time has come perhaps, for

the Secretary of State and the President to place the environment not just on an agenda, not simply as one of the many issues, but perhaps even in a position almost equal to -- equal to and, depending on where you read recent reports about the START talks -- equal to such discussions.

Last year I had a letter delivered to Secretary Gorbachev and the President which was signed by 71 of my colleagues, asking for bilateral talks with the Soviet Union as to how the super powers might jointly move to exercise influence in this area. And it strikes me that whether you are talking about ozone depletion, rain forest diminishment, ocean pollution -- plastic and otherwise, acid rain, or climatic change, each and every one of these is going to be intimately tied to our policies of development, to our continued pressure -- and I know in 1987 you made a call on the IMF and World Bank to deal with this, but the IMF has done nothing and the World Bank is struggling.

So, I would like to ask you, first of all, your personal thinking as to how you might -- I mean, do you want to, as Secretary of State, and is it your intention to, and how will you place this agenda where it ought to be in terms of world affairs and the future of this country?

SEC. BAKER: Well, Senator Kerry, one thing I've already suggested is that we consider broadening our agenda with the Soviet Union from bilateral matters, human rights, arms control and regional matters -- from four subjects

to five subjects. And the fifth subject would be a collection of three transnational problems, one of which would be the environment, the other two of which would be drugs and terrorism. It seems to me that those ought to occupy a position of importance in our discussions with the Soviet Union. So, that's -- that's one way.

A second way would be to follow through on the Vice President's campaign commitment to host an international conference on the subject of the environment. Again, I can't tell you, sitting here this morning, what subjects will be on there, but I dare say they will probably -- it would probably include the very subjects that you mentioned, and certainly the issue of global would be on there.

I think that would be my answer to you. Those are the ways in which I think we can bring more attention to bear and more focus to bear on what, I share with you, is a very, very difficult and almost alarming problem.

SEN. KERRY: Well, let me go a little further, if I may, Mr. Secretary. In 13 days, you will be hosting the first meeting of the Response Strategies Working Group on the Intergovernmental Panel on Climatic Change. This will be attended by France, Canada, China, the Soviet Union -- I think some 15 countries.

SEC. BAKER: Right, hmm-mmm.

SEN. KERRY: Do you have an intention as to how the Bush

administration will place a stamp of some kind on this meeting in 13 days?

SEC. BAKER: No, sir.

SEN. KERRY: Will there be any agenda stated?

SEC. BAKER: Well, I'm sure there will be. I can't tell you what it will be now, but it will be one of the first things we will have to develop after we take office. The meeting, as I understand it -- yes, 13 days, that's right, the 30th and 31st of January. But I cannot tell you what that agenda will be until we've had a chance to meet on it, have the other elements of the Executive Branch, who will quite rightly have a say in this area, have their say, and have the President make a policy determination. But that's one of the first things we'll have to do.

SEN. KERRY: Do you have any intentions of reviewing those plans for that meeting prior to its taking place?

SEC. BAKER: Yes.

SEN. KERRY: What about the membership of the Intergovernmental Panel? There are many people who believe that that membership is made up of people who have helped to frustrate the Montreal Protocol, which in and of itself is an issue. Do you intend --

SEC. BAKER: That's right.

SEN. KERRY: Do you intend to review the membership?

SEC. BAKER: Well, I'm sure that the new President will review -- will review the whole range, the issues, the agenda, and the membership. I must say, Senator Kerry, I'm not sure that I would agree that we will, of necessity, have the same tensions within the new administration that we had in the old, because we're going to have new faces, for one thing, around the table. And I think that there is a real, honest, solid appreciation on the part of this new president of the problems that are presented in this area. He wants to deal with them to the extent -- and he's not going to let bureaucratic interagency differences get in the way. It just isn't going to happen.

SEN. KERRY: That's encouraging. Many chemical companies and the EPA administrators, I believe, are also advocating that there be a revision of the Montreal Protocol. And, during the campaign, I know President-elect Bush applauded duPont's withdrawal of CFCs from manufacture, et cetera. Are you intending to move for a revision of the Montreal Protocol? Will you support that?

SEC. BAKER: Well, I don't know what you mean by a revision of the Protocol, because that could mean a lot of things. If -- by that, do you mean are we going to adopt a reduction target now?

SEN. KERRY: An additional reduction target.

SEC. BAKER: Additional reduction target?

SEN. KERRY: The reduction target currently is --

SEC. BAKER: I think we'll have to look at that, Senator Kerry, but my sense is we ought to be careful about jumping out there too quick unilaterally. What we've got to do to be effective in this area is to get multilateral acquiescence and agreement. We can't do anything in these major international environmental -- on these major international environmental issues by ourselves. The United States -- one of the reasons we had some of the tensions, I think, that we had before was because the United States had taken some action, other countries hadn't, and some people felt the United States was not getting sufficient credit for the action it had already taken. So, I think we ought to look carefully at that, but I can't tell you for sure that we will jump out there unilaterally.

SEN. KERRY: Well, I certainly look forward to working with you on it and hope we can get you to look at it. I would agree with the issue of unilaterality, but I think the revision predicates the notion that it is negotiated and revised by all parties thereto. Clearly, unless the United States has stated an intent to revise and a desire to go along, it probably won't happen or we get left in the dust. My hope is we would take a lead on it, and I think I'm really asking you, you know, whether it's your intention to or do you think it's possible we might?

SEC. BAKER: In my statement, I said how important I felt it was that the United States continue to lead in international relations. I felt that way at the Treasury, and I will feel that way at State.

SEN. KERRY: Okay. In the same vein, the Toronto Conference on Global Atmosphere suggested that nations reduce their CO₂ emissions by the year 2005 by 20 percent. Last year in the Senate, there was legislation to reduce it by the year 2000 by 20 percent. We are the world's largest contributor thereto. Would you view that as something that we might even take unilateral action on in an effort to bring other nations along?

SEC. BAKER: There again, I would like to -- I would like to think that we could bring other nations along by perhaps the promise, or at least, by holding out a commitment from the United States to action if others do. I do not think we ought to take the action and have it sitting there on the table for somebody to pick up; I think we ought to use it to bring them along, Senator.

SEN. KERRY: On another subject -- and perhaps in the next round, I'll come back to this -- but I wanted to ask you, is it -- is it possible for you to state now that it is going to be United States policy to continue to seek the removal of General Noriega in Panama?

SEC. BAKER: I suppose it's possible for me to state that.
(Laughter.)

SEN. KERRY: Well, moving beyond the realm of possibility, is it the intention -- is that the policy?

SEC. BAKER: Let me phrase it this way. I see no basis under which we can move toward normal -- toward a resumption of normal relations with Panama as long as General Noriega is in power.

SEN. KERRY: And does that mean that we will continue to recognize Eric Delvalle as the President?

SEC. BAKER: That is the current policy, and I see no reason why that would -- why that would change under President Bush.

SEN. KERRY: And does that mean that the sanctions will be continued until Noriega either voluntarily leaves or is removed?

SEC. BAKER: Well, it means that there can be no lessening or removal of the sanctions unless there is movement on the other side.

SEN. KERRY: Movement. Can you define what "movement" means?

SEC. BAKER: No, because you want me to -- (chuckles) -- you want me to state something categorically that I'm just not in a position to state, Senator. What I'm really saying is, there can be no movement toward normalizing relations with Panama as long as General Noriega is in power.

SEN. KERRY: Thank you. Now, as you also know, there are six mutual legal assistance treaties currently before the Congress, with the Cayman Island, Mexico, Canada, Belgium, the Bahamas, and Thailand. I wonder if you might comment on how you feel about the importance of those treaties and whether or not the administration wants those and will work for them?

SEC. BAKER: The administration supports those treaties. We'd like to have them, and we will work for them.

SEN. KERRY: I know you are aware, because we talked about this privately, about the International Money Laundering Control Act contained in the 1988 Omnibus Drug Bill. As Secretary of State, it will be your responsibility, I believe, along with the Treasury Secretary, to help negotiate multilateral agreements with countries in order to deal with the money laundering issue. And I wonder if you'd share with us your thoughts as to the intentions of the administration to move in that direction, and whether or not you support the notion that money laundering is, in fact, a critical component of controlling the flow of narcotics.

SEC. BAKER: I certainly do think it is a critical component, and I worked in this area somewhat as Secretary of the Treasury. And as you know, there have been some improvements and some advances, and there's been more and more attention devoted to the money laundering aspect of drug dealing. I think it's very important that we get a handle on it, and I would expect to work with other nations to accomplish that to the best of our ability.

SEN. KERRY: Do you think it's appropriate for our banks to be able to go offshore, where they are required here in this country to report cash transactions of \$10,000 or more, and simply to move offshore and to be able to transact, therefore, outside of that transaction restriction?

SEC. BAKER: I don't think it's appropriate from the standpoint of getting a handle on money laundering, but I do see the problems presented by extraterritoriality. And I recall, in connection with the Libyan sanctions, when we first put them on, seeking to make them applicable to a subsidiary of a United States bank in England. And the UK had some serious problems with this. It ended up, if I'm not mistaken, in a lawsuit, and we lost the lawsuit. So there are serious problems of extraterritoriality that have to be taken into consideration in deciding whether or not to move in this area.

SEN. KERRY: Given your perception of that problem, what is your intention with respect to the Act of 1988?

SEC. BAKER: Well, Senator, you're asking me a question that I can't answer, because I'm not sure the extent to which the Act of 1988 mandates extraterritoriality. I'm sorry to --

SEN. KERRY: Okay. Well, that's fair. I -- perhaps we can follow up on that after you've had a chance to review that, or something. It's my perception that it doesn't get into a problem of extra-territoriality because there's no action required of them, depending on whether or not they then use our system of money exchange.

SEC. BAKER: I'll be glad to take a look at it and get back to you and let you know what my views are.

SEN. KERRY: I appreciate it. Thank you very much. My time has expired. And I thank you for that.

CHAIRMAN PELL: Thank you very much. The Senator from Alaska.

SEN. MURKOWSKI: Thank you, Mr. Chairman. And I commend you for your expeditious manner in which this hearing was scheduled. Now let me also welcome the Secretary. I think it's interesting to observe the wide interest, because one can participate in this process and really reflect on the specific areas that each member has more than a passing interest on.

First of all, Mr. Secretary, let me join with my colleagues in the bipartisanship which has been expressed here. I think it is fitting of members of both sides to indicate their commitment. I think it's also fair to reflect on your own personal contribution. Some have said that you, probably more than anyone, are responsible for the strategic orchestration of the successful Bush campaign.

You referred in your opening remarks to the Old West where they never shoot the piano player. I'm sure you're aware of your Yukon and Alaska history, and during the shooting of Dan McGrew (ph) the

ragtime kid playing the piano never missed a beat. I would certainly concur that they don't shoot the piano players, but I think you would agree that occasionally the orchestra leader had better keep his eye over his shoulder from time to time. So, if I have any advice, Mr. Secretary, it is that: keep looking over your shoulder.

SEC. BAKER: (Laughs.)
(Scattered audience laughter.)

CHAIRMAN PELL: At whom?

SEN. MURKOWSKI: I'm not --

CHAIRMAN PELL: At whom? (Laughs.)

SEN. MURKOWSKI: Just look. (Laughter.)

I'm very interested in the area of trade and the role that the Secretary of State plays in that regard. I think you're very unique in your area of experience, Mr. Secretary, because you've had an association in Commerce; your experience as Secretary of Treasury puts you in a unique position to know an awful lot about the deficit, our trade imbalance.

But, to be specific, I think you would agree that we have a lot of players in the trade area. We have the Executive Office, we have the USTR, Secretary of Commerce, and, of course, your role as Secretary of State.

The aspects of trade oftentimes come across to our friendly country neighbors with less than a clear voice. And I think you'd agree that sometimes the State Department, indeed, seems to be committed to the issue of diplomacy while another agency perhaps is committed to gaining a larger market share for US business overseas. And this is expressed in many concerns.

One only has to look at our trade relations with our Asian neighbors and recognize that over \$100 billion, or half our total global trade deficit, is in that part of the world alone. None of us support the issue of protectionism, but the reality that we are the largest market for many of the countries in the Pacific Rim who market their wares in the United States leaves one with the realities of just how we're going to negotiate a share as we operate under a theory or perhaps a policy that they should continue to have market access in the United States, but we in turn should have access in their markets.

And the question of the appropriateness of leverage being something that is within the realm of the role of the State Department as opposed to the commitments of USTR and the Department of Commerce, has resulted in an awful lot of energy that has perhaps been not directed in a clear concise message to our allies. We've also seen a growing concern over the trade imbalance, the frustration that we are the largest customers for many of our allies, the realization that as we look at the trade imbalance, we see these countries buying more from our neighbors, Canada, Mexico,

Australia, South Africa, than the United States. Examples of that are purchase of coal.

We're seeing issues on the high seas in my own state of Alaska where our anabamous fisheries are being intercepted. And the mandate of using sanctions in order to maintain the resource is really becoming the concern over the bottom line. It's not a matter of, necessarily, who's catching the fish, but how we're going to work collectively to manage this natural resource before we lose it. And the dictates that are perhaps going to be necessary in the form of sanctions to enable us to reach some type of resolve on these matters.

So my specific question, Mr. Secretary, is how do -- how can you give us assurances that all the government players who are involved in the international economic policy can work better together because I think you would agree that your orchestration in this area is going to be prominent because you will be conveying the policy of the United States in many respects to our trading partners. And, you know, I can recall in the last administration examples where the Department of Transportation supported sanctions against our Asian neighbors on aviation issues yet the State Department for over two years insisted we keep negotiating because they didn't want to offend one of our neighbors.

And then we come back and find the situation hasn't changed. I wonder if you could enlighten us a little on how you intend to address these matters, Mr. Secretary.

SEC. BAKER: Senator Murkowski, I can't guarantee you that there won't be differences between agencies and departments. In fact, I can guarantee you that there will be. But what I hope will happen is what I believe happened in the second Reagan term as opposed to what happened in the first Reagan term. In the first Reagan term it was my experience that we were really unable to get a trade policy decision surfaced to the President in the right way for him to make the kind of decision he was entitled to make because we had too many coordinating bodies working.

In the second Reagan term we collapsed all of those bodies into one body, the Economic Policy Council. Everybody sat around the table -- one table, all the players were right there around one table including the State Department, and we were able to get issues to the President, options for his decision, and he made decisions. And I hope you would agree with me that we had a much better focus and dimension toward our trade policy in the second term than we did in the first.

It was my privilege to chair that economic policy committee for the President, and during that period of time we adopted a policy of aggressively enforcing the Unfair Trade Laws of the United States. We could see the prospect of protectionism surfacing in the United States which would have been a disaster for the world trading system since we are the world's largest market. We aggressively enforced the Unfair Trade Laws of the United States. We saw to it that we had a more reasonably valued United States dollar.

We worked with the Congress to craft a trade bill which may not have satisfied all of us -- may not have satisfied you or me or some of the other members of the Committee -- but was nevertheless a pretty good piece of work. It will now be our job to work to implement that trade legislation. And I hope and believe that we can do it in the same constructive manner that we were able to work in the second Reagan term.

SEN. MURKOWSKI: Mr. Secretary, specifically, will you support trade sanctions when and if you feel that indeed there are unfair trade practices that prohibit the participation of American business in foreign markets?

SEC. BAKER: Senator Murkowski, I led the charge to change our policy toward one of aggressive enforcement of our unfair trade laws when I was at Treasury. The President of the United States, pursuant to advice that I and others gave him, was and is -- was the first and is the only president of the United States ever to self-initiate 301 cases. And he self-initiated a number. I don't see any reason why we should change that approach where in fact the policy we are complaining of is an unfair trade practice. There will be differences of opinion between us on what constitutes an unfair practice, but will I support sanctions in appropriate cases? You bet.

SEN. MURKOWSKI: My purpose in pursuing this is, I think as you are aware, the State Department did oppose certain sanctions in the last administration, specifically sanctions proposed by myself and Congressman Brooks on the Kansai Airport issue. At that time, as you'll recall, Japan was doing about two and a half billion dollars worth of construction in the United States, and it was our contention that we should have access to their public works market, and that was the justification for the sanction. But I want the record to show that clearly the State Department opposed that proposed action, and I'm gratified to hear your reassurance, Mr. Secretary, that you will stand up for the interests of American market share overseas.

SEC. BAKER: Well, I certainly will in appropriate cases, and I -- but I don't want to be misunderstood, Senator, in the sense that I'm not saying that in every case I will support sanctions. But in appropriate cases, I would expect to.

SEN. MURKOWSKI: I understand that.

SEC. BAKER: I believe not only in free trade; I believe in fair trade.

SEN. MURKOWSKI: And I assume that reflects on the general terminology of reciprocity; in other words, "Our markets are open, yours should be open, too."

SEN. DOLE: Mr. Chairman, I --

SEC. BAKER: National treatment. Yes, sir.

CHAIRMAN PELL: The -- not the Ranking Minority Leader, the

SEN. MURKOWSKI: I'd like to shift very briefly over to the

SEN. (To Senator Dole): Do you want my seat?

issue of the Philippines and the concern that has been expressed by many of my colleagues as we look to the obligation which we have to continue to nourish the seeds of democracy that have been planted by the Aquino administration, yet recognizing that the complexities of what our continued role in the Philippines should be, obviously it's one of great stability, having our fleet and our presence at Clark and Subic with our Air Force as well the ability to lift our ships there. But the realization that as we reflect on the changing activities associated in ASEAN that they regard a major threat as potentially an internal threat rather than an external threat, and the likelihood that we can anticipate little assistance financially from ASEAN in maintaining the scope of our presence in the Philippines with the commitment of the 7th Fleet, as well as our Air arms in that area.

My question is: How are we going to stand up to a situation where obviously it's in our interest to continue our presence there, but not necessarily at any price, and the fact that we have committed an amount in excess of a billion dollars to the Aquino government since 1986 and through no, necessarily, fault of that government, it's clear that money alone isn't the answer. There's still about \$260 million unspent. The realization that we have negotiated our base treaties in conjunction with a foreign assistance to the Philippines rather than outright rent, and this agreement is going to expire in two years. There's a great deal of concern as to how the negotiations should continue. And I'm wondering, Mr. Secretary, why it isn't in our best interest to simply negotiate a lease or rent agreement for those bases and consider the merits of foreign assistance to the Philippines as separate from the consideration of rent, which we hide under a best efforts basis?

SEC. BAKER: Well, Senator, I'm not so sure that we can -- that we can get there by taking that approach. You say if we can't get there, then maybe we go somewhere else -- and the question quickly becomes where. We have a very large stake in that area, extremely large stake in the area. It's important to us in terms of securing the national interests of the United States that we maintain those bases. It's very important to us in terms of our ability to project power in the Indian Ocean and the Persian Gulf, and I daresay we would have had a difficult time doing what we've done in the Persian Gulf had we not had those bases.

So it's a very difficult issue. It's one that we need to continue working at, and frankly, I really believe that in the final analysis, we will be successful.

We will be able to renegotiate them on a reasonable basis.

SEN. MURKOWSKI: I see my time's about to expire. I have one short question. I don't know whether I'll get a short answer. But, we look to you as one of our energy experts. You come from an energy-producing state, as I do. The realization that we're currently importing about 42 percent of our oil and probably, by the year 1990, it may be up to 60 percent leads one to address the harsh

realities of what you, as Secretary of State, will do to attempt to redirect our energies towards production of more domestic crude oil.

SEC. BAKER: Well, let me simply say very quickly, since time is up, Senator Murkowski, that I think it's very important from a national security standpoint that we have a viable domestic energy industry in the United States. I think we have a viable domestic energy industry now; not as active as it has been; went through a pretty good wringer there when prices fluctuated the way they did, but I think it's important, as I say, from a national security standpoint, that we maintain the viability of the domestic oil and gas industry.

CHAIRMAN PELL: Thank you very much. Senator Simon.

SEN. SIMON: Thank you, Mr. Chairman. And, Mr. Secretary, we welcome you, and while I'm welcoming, we're pleased to have three new members of the committee here, Senator Humphrey and Senator Mack and Senator Robb. And I think they're going to enjoy service on this committee.

The general feeling was one of real pleasure that you were nominated and I think you're going to do a superb job as our Secretary.

There are concerns that you've heard here today and, if I may follow through on Senator Kassebaum's questions on Africa. I was in Africa last week and there was, I think, a slight toe stubbing last week -- one statement put out by the Defense Department that apparently was not cleared by the State Department -- and I hope, under the new administration, those things that inevitably do happen now and then, that that kind of thing can be avoided.

But, the second question that came up was aid to Savimbi. The -- as you know, the overwhelming feeling in Africa is that aid should not be continued, though there is a recognition, as you have referred to in your statement, that there has to be some kind of reconciliation process between the government of Angola and the UNITA forces. But, under the agreement that Chet Crocker negotiated -- and did a superb job negotiating, I should add -- under that agreement, South Africa no longer provides aid to the UNITA forces. That leaves the United States in a rather singular position. And, in the minds of some of the countries of Africa, we are the proxy for South Africa in providing assistance. Now, I think that leads to a very basic question that we have not really faced up to, as a Congress, or any administration hasn't faced up to. We have shifted from a position we once held where we authorized the CIA -- we didn't authorize it by resolution, but we knew the CIA was engaged in assassinations. We have now made it clear that is not our policy. And I think that is a step in the right direction.

Then there is another fundamental question that we haven't faced up to, and that is, do we provide weapons to overthrow governments we don't happen to like? Now, I think you have to

separate it into where there is an invasion. The case of the invasion of Afghanistan, I think we not only have the right, I think we have the responsibility, to provide assistance -- people resisting an invader. But the fundamental question that is posed by -- posed in Angola, that may be posed in South Africa, in the near future there are those who say we ought to be providing arms to those who want to achieve change in South Africa, the fundamental question is should we be providing arms to overthrow a government we don't like? And I would be interested in any reflection you might have on that fundamental question.

SEC. BAKER: Well, as you know, Senator Simon, it will be the policy of the new president, as he has expressed it in a letter to Dr. Savimbi, to continue to support Dr. Savimbi until there is national reconciliation in Angola. I think that he -- he, the President-elect -- sees UNITA as I do, and that is as a broad-based national liberation movement that truly expresses the will of the people. And it seems to me that that ought to be the test, not whether there has been an invasion, but whether you have a movement that is broad-based and national in scope and that expresses the will of the people. Dr. Savimbi, as you know, has substantial support among many of the tribes in the general area. I hope that answers your question. It's probably not an answer that you are pleased with, but it happens to be my view of where the President-elect is and where the policy will be in his administration.

SEN. SIMON: I would just suggest, I think -- forgetting Angola for a moment -- this is a very fundamental policy decision that one of these days we have to face up to. We have never debated it in the Senate or in the House, to my knowledge, other than in country-specific terms. But I think it is more than a country-specific question and I would hope that we would take a look at that.

Then, in terms of Namibia, the original Resolution 435 called for 7,500 UN peace-keeping troops. We are now talking about 3,500. And there are countries in Africa who have great fear that that number is not adequate.

Has this come to your attention? Or, if it has not, I would appreciate you and others in the State Department taking a look at this question.

SEC. BAKER: It has not. And I will do so.

SEN. SIMON: The question of sanctions came up. There is no question, as you and I discussed a couple of weeks ago, South Africa is a timebomb. And if we can achieve peaceful change there, that is in everyone's best interest. How you get that message across effectively to the government of South Africa is a question that honorable people can differ on.

But we're in a situation now where we have sanctions that are circumvented by Japan, West Germany, Great Britain, and others. When you suggest that additional sanctions by this country are not

in order, are you excluding the possibility that we would encourage movement in the direction that we have taken by other countries?

SEC. BAKER: No, I don't necessarily exclude that, but I don't necessarily include it either. That will be a decision, of course, that the new President will have to make.

SEN. SIMON: Well, I welcome that answer.

You're not up for

AID Director here I know, but what happens in terms of aid is extremely important. Africa, at this point, gets 7.2 percent of our foreign aid. It reached a high in 1985, when we had the Ethiopian problem, of 8.9 percent. If you were to exclude Egypt from these figures, if you were to exclude Egypt from these figures that would make it an extremely low figure. Do you feel we ought to be, maybe, reexamining our allocation, our priorities, in terms of foreign aid?

SEC. BAKER: Senator Simon, I think it would be a very salutary thing if the Congress would look at what has become the practice, in recent years, of totally eliminating the Executive branch's flexibility in this area by earmarking some 98 percent, I guess it is, of the -- of one form of assistance, and 94 percent of another. I don't know which is which, whether it's military or economic -- which percentage. Also, the earmarks that are used -- if you're going to use earmarks, I would hope that the Congress would at least look at those every year and reassess them, and study them, and look at them in the context of the United States' national interests everywhere overseas.

There are some things we've done in small African countries that we will not be able to continue to do next year because of this problem. A little bit of money sometimes goes a long way in a poor African country. So these things are problems. I recognize political reality, but I'm not sure that it's in the interest of our foreign policy to have practically no flexibility in where we can deliver assistance and to have earmarking by the Congress, rather routinely

each year of such significant amounts of assistance. And by saying that I'm not suggesting that any particular country be decreased or increased or anything else. What I'm really saying is to have a -- to have a sensible foreign policy, you need to have some flexibility. You need it up here, and we need it downtown. And right now in this area, we have very little, -- or jointly -- we jointly have very little.

SEN. SIMON: I guess, in theory, all of us would agree with you. But we also want to make exceptions to a few countries here and there. But, I would hope that we could work toward a little greater flexibility.

We've been talking about the debt question a little bit. One of the greatest things we could do for debtor nations is to get interest rates down, and that ties into your responsibilities as Secretary of the Treasury. You get interest rates down one percent

for Mexico, and you save \$1 billion a year. You get interest rates down one percent for Nigeria, which has slipped now into being from middle income to lower income -- Nigeria is facing up to some very tough problems -- your saving \$330 million.

Do you intend to take an active role within the administration in discussing, because of your background, how you move on that deficit problem?

SEC. BAKER: Well, I will be involved to some extent, Senator Simon, but I will not -- certainly not have the lead in that area because I'm going to have my hands full with the problems that come with this job. But, I expect to be a participant in the discussions with the President, generally speaking, with respect to how we move on the deficit and that sort of thing.

SEN. SIMON: Well, I think your voice is one that is respected within the administration, and I would hope that you would -- you would firmly point out what this means in terms debt to other countries.

Senator Dodd and Senator Boschwitz both talked about the environmental area. One of the areas where we have not done nearly what we once did -- an area that ultimately could be of extreme importance -- is research on finding an inexpensive way of converting saltwater to freshwater -- extremely important to the future of the Middle East, to North Africa, to much of the world.

When John F. Kennedy was President, we moved in this area. At once press conference, incidentally, he was asked, what is the most important scientific breakthrough we could make? And he said, well, you've heard me talk about getting a man to the moon, but more important than that, if we can find an inexpensive way of converting saltwater to freshwater, that would really help the world. And then under President Johnson, at one point we reached a point where we spent about \$100 million on research. That is now down to \$3 million. And, this is an area where, in terms of AID and other things, I think we ought to be reviewing whether we shouldn't put in some long-term funding to do a job that needs to be done for our world. Any reflections on this?

SEC. BAKER: The only reflection I would have is to say that as best I -- as best I know, Senator, only Saudi Arabia is commercially engaged in desalinization now. I don't believe -- I think that the cost is very, very expensive and whatever new technology we could develop that would make it commercially feasible to do that would be a great boon, I think, to many parts of the world. I was struck by something that Prime Minister Ozal of Turkey said not long ago when he came through town and we had lunch with the President-elect, he's working on something he calls the "peace pipeline," which you may have heard about. I think actually it's two pipelines to Turkey to the Middle East to bring water to some countries of the Middle East. I don't know whether it will ever become a reality or not.

SEN. SIMON: I don't know whether it will, but you look 20 years down the pike, even if we can get Israel and the Arab

countries and the PLO to sit down and have an agreement today, 20 years from now we're facing some major problems in that area of the world.

I would also, in line with Senator Murkowski's -- I see I'm about to run out of time. I will postpone that next question. I thank you, Mr. Secretary, and thank you, Mr. Chairman.

CHAIRMAN PELL: Thank you, Senator Simon. Senator McConnell.

SEN. MITCH MCCONNELL (R-KY): Thank you, Mr. Chairman. Mr. Secretary, I think you know the -- how enthusiastic a lot of us were about your selection. I don't think the Vice President could have picked anyone better to be secretary of state and I congratulate you on your nomination.

SEC. BAKER: Thank you.

SEN. MCCONNELL: Now, Gorbachev has done a truly remarkable thing. He has turned failure at home and failure abroad into an offensive, which has garnered him a prestige at home and sympathy abroad, a truly remarkable public relations event. An additional ace in his hand in playing his cards with us, it seems to me, is the excess military capacity he inherited from Brezhnev's policies, which give him the opportunity to make such unilateral moves as the 500,000 troop reduction proposal at the UN. And I don't want to make light of that, but clearly, he has the kind of excess military capacity sitting there that allows him to do that sort of thing. And of course, across the free world there's the sense of euphoria about Gorbachev and the Soviets based on, I'm sure, on the hope that they are indeed becoming something other than what they have been.

I'm wondering, Mr. Secretary, if you share my view that maybe the best policy for us for the moment is to kind of wait and see? Because they are the ones, it seems to me, who are sitting on the excess capacity; they are the ones who apparently can give away a great deal without changing their basic force structure. I'm wondering if you share my view that we ought to kind of proceed with a good deal of caution and see how far they're willing to go to dismantle what everybody feels is really excess capacity?

SEC. BAKER: Well, Senator McConnell, I do think that the balance of power is complex and it's dynamic, of course, but I think the fact remains that the Soviets have a substantial advantage in many categories. I think caution is appropriate. I'm reminded of the President's saying, "trust but verify." I don't think we ought to change that. I think trust but verify is a good standard. I think prudence in our approach, as I've indicated in my opening statement; I think realism in our approach -- all of those are good ways in which I think we could describe what should be our approach.

SEN. MCCONNELL: Do you share the view of many that their decline is inevitable to the extent that they move away from excessive reliance on military capability and try to restructure and compete in a world that's becoming more and more interested in

commercial competition?

- Tuesday, January 17, 1989

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SEC. BAKER: I'm not sure I would go that far, Senator McConnell, because that would presuppose that they cannot be successful in this transformation. And I'm not sure that they cannot be successful. I don't suppose anybody really knows now the answer to that question. The People's Republic of China has made some moves recently that are rather dramatic and that so far at least have succeeded with some stress.

SEN. McCONNELL: At what point, and this is really again a highly speculative question I suppose, but at what point would unilateral reductions, either a strategic -- I assume they aren't going to do it in the strategic area, maybe they will -- unilateral reductions in strategic and conventional forces warrant any kind of unilateral response on our part, or do you think these things are better negotiated downward?

SEC. BAKER: I'd be hesitant to respond to that because it is so hypothetical. I'd be hesitant to respond to that, Senator.

SEN. McCONNELL: Assuming the Cold War is thawing, and some of us just returned from a conference at which a couple of participants actually declared the Cold War over, at that point what is America's justification for being on the stage as the principal player. We've been out there a long time presumably to check the Soviets. If at some point the Soviets become less to check, do we, in your judgement, want to continue to be a world player? I'm talking about military now as well as on the economic side, which I think is rather obvious. And if so, toward what end?

SEC. BAKER: Well, I think it is important, as I indicated in my statement, for the United States to continue to lead both in international economics, Senator, and in foreign policy as well. I think it's important because we are, as I indicated in my statement, we are the largest nation in the world. We have the biggest economy. We believe at least that we have the -- that we believe in the finest principles and have the finest traditions. And so I think it's important from that standpoint that the United States act as a tribune for democracy, that we do what we can to see this form of government which we are fortunate enough to enjoy in this country, to see others in the world have the benefit to the extent that they want, through self-determination, of this form of government and this type of life. So, I think it's important for those reasons.

SEN. McCONNELL: Focusing on the Third World for a minute -- we've been around it a few times this morning and this afternoon -- there seems to be some evidence that the Soviets are either abandoning or about to abandon some of their client states that are really basket cases and trying to enhance their influence with more

significant countries which may have not very good relations with some of their clients. For example, some have suggested that the Soviets might be willing to trade, say, Vietnam for the PRC. And if the price for getting along with the PRC again is to cut off Vietnam, that's a trade they might --

SEC. BAKER: Hmm-mm.

SEN. MCCONNELL: -- be willing to make.

I'm wondering if you see some evidence that the Soviets are indeed abandoning some of their Third World clients?

SEC. BAKER: I'm not sure that you could say it was evidence that they're abandoning their Third World clients, but I do believe there has been some greater tendency on their part or willingness on their part to engage on regional issues than there was several years ago. And I think we should pick up on that. I think, again, regional issues is one of the four areas that we deal with the Soviet Union on, and I have suggested that perhaps we consider adding a fifth. But I think we should give perhaps greater emphasis to regional issues in our discussions with the Soviets.

SEN. MCCONNELL: Do you think, then, there's some evidence -- some indication that the so-called "wars of liberation," which they liked to fuel in the past -- that that particular policy may be ended for them, fueling those wars?

SEC. BAKER: It -- I think it's -- I think it's premature to make -- to come to that conclusion. But we ought to -- we ought to watch. I'm not sure yet that the action matches the rhetoric. There is some rhetoric that would suggest that. But I think we ought to wait and see whether the action matches the rhetoric.

SEN. MCCONNELL: And certainly there would be some ways close to home they could demonstrate --

SEC. BAKER: Absolutely.

SEN. MCCONNELL: -- that new policy if, in fact, that is the case.

SEC. BAKER: Absolutely.

SEN. MCCONNELL: We used to be --

SEC. BAKER: I think it's important, in that connection, to note -- and you pointed it up by your last comment -- that they are still funneling a billion dollars, I think, a year into Nicaragua and \$4 [billion] to \$6 billion into Cuba. So, that's what I mean when I say the action has not necessarily matched the rhetoric.

SEN. MCCONNELL: Yes. Well, that would be a place where they could demonstrate that this new policy maybe is --

SEC. BAKER: That would be an excellent way to start.

SEN. MCCONNELL: We've been concerned in this country -- at least some people have -- for a long time about what's been called the "Finlandization of Western Europe." Given all that's happening in Eastern Europe now, there are some who are arguing that Eastern Europe is much more likely to be "Finlandized" than Western Europe, which leads me to ask you, Mr. Secretary, what kind of opportunities do you see for this administration that may not have been available in the past to explore further and develop more comprehensive relationships on a country-by-country basis with the Warsaw Pact nations?

SEC. BAKER: I think there are greater opportunities today than there were yesterday, Senator, and I think there'll be greater opportunities tomorrow than there are today. I think there is significant change underway in Eastern Europe, and I think it presents us with some real opportunities in terms of long-standing objectives of ours in that area.

SEN. MCCONNELL: He really appears to have his hands full, doesn't he?

SEC. BAKER: Yes.

SEN. MCCONNELL: In a lot of different ways. Some of the Eastern European countries coming at him from the right who don't like perestroika and glasnost; some from the left who want to go further. He obviously doesn't -- you know, except for the military presence, he doesn't really own it like he used to, does he?

SEC. BAKER: More and more Eastern European governments are recognizing, I think, that the Stalinist system of economic and political centralization has failed.

SEN. MCCONNELL: Gorbachev has used some interesting arguments. With regard to Asia, the ploy a few months ago that he would declare to dismantle his naval bases in Vietnam if we would do the same in the Philippines. How do you respond to his argument that he throws out, that I doubt if he's really serious about, that maybe neither of us should be heavily engaged militarily in that section of the world?

SEC. BAKER: Well, I think I responded to that a minute ago when I -- when I Senator Murkowski's question about our Philippine bases by suggesting that we would not have been able to do what we did in the Persian Gulf to assure freedom of navigation in the Gulf had we not had those bases.

SEN. MCCONNELL: It's pretty clear from what you've said, and it also happens to be my view, that America has an important mission in the world regardless of what happens to the Soviet Union, even if they do decline and become -- I don't think this is going to happen -- but assuming they even become sort of the laughing stock. Their military presence has decimated and they're unable to compete economically because they are incapable of making the kinds of changes that countries have to make to compete in trade and

commerce. Still, we have to worry, do we not, about rising military threats from other sources that might be a good deal less stable than even the Soviets. And we've got some armies around the world

SEC. BAKER: Well, absolutely --

SEN. MCCONNELL: -- that one could argue are pretty frightening even if the Soviets were not there.

SEC. BAKER: That's absolutely true, and then we have the added burdens of -- or risks of -- that are inherent in the proliferation of missiles and chemical weapons, as I indicated in my statement.

SEN. MCCONNELL: One final question, and you've been over this a couple of times, but I'm wondering what you specifically have in mind to enhance the areas of cooperation with the Soviets, where our interests really are similar. Senator Kerry was asking about the environment. Certainly terrorism is an area that -- where it would seem to me we have similar goals and aspirations.

SEC. BAKER: Well, that's why I've suggested that perhaps we should have a fifth category of issues -- grouping of issues -- that we discuss with the Soviet Union. And the fifth category would be composed of those transnational issues of drugs, terrorism, and the environment, because I think that those are issues that we can engage with the Soviet Union on, that perhaps we can find some common ground. These are problems for the world as a whole. They're problems for the Soviets every bit as much as they are for us, most of them.

SEN. MCCONNELL: How important -- I've thought of one other point, then I'll yield -- how important is it, in your view, that we continue to bring large numbers of youngsters over here to pursue higher education in this country? How important a tool has that been, in your judgment, over the years in sending a cadre of well-educated people back around the world who at least have some sense of what America is --

SEC. BAKER: I think it's --

SEN. MCCONNELL: -- and how it functions and --

SEC. BAKER: I think it's very, very important, Senator, and I would encourage us to continue to do that to the maximum amount possible.

SEN. MCCONNELL: The Soviets have done some of it too. I'm wondering if that -- how much that helps them. But I don't know, maybe you do, I don't know off the top of my head whether they have done that more extensively than we have or not.

SEC. BAKER: I don't know.

SEN. MCCONNELL: I wonder.

SEC. BAKER: But we have, I think it's fair to say, that we have a success story that we can -- that we can sell.

SEN. MCCONNELL: And it certainly appears that the sort of things that we advocate are on the march in the world, virtually everywhere except maybe North Korea.

Thank you, Mr. Secretary.

CHAIRMAN PELL: Thank you. Senator Sanford.

SEN. TERRY SANFORD, (D-NC): Thank you, Mr. Chairman. I join my colleagues in expressing pleasure that you are to be our secretary of state. I'm delighted that you'll be occupying that position. I have one or two, three questions to add to the many you have already answered so well. I am -- I've looked around the world from time to time and listened and I wonder if we're doing -- I wonder what the state of the State Department is, what is the condition of it? Are we letting our embassies run down? Are we having trouble getting Foreign Service officers? Are we getting enough funding to keep up the proper level of the diplomatic function of the State Department?

SEC. BAKER: Senator, that's something I'll be in a lot better position to answer for you after I've been there for 90 days. As best I can tell from the briefing materials that I've been supplied and which I have reviewed, the Department is in reasonably good shape. We do have some -- we do have some funding problems, but that's not unusual in the context of the budget constraints that are facing the entire government, I suppose.

But I'd really rather reserve on that; and I'd be delighted to respond in writing to you after I've been in office for 90 days.

SEN. SANFORD: Well, maybe we'll cross paths in 90 days.

SEC. BAKER: All right, sir.

SEN. SANFORD: Again. I would like to know your general comments, attitude toward the United Nations and its usefulness to us and to the world. It seems to me that for various reasons we've neglected to use it going back before. But certainly, notably when the Iranians took over our embassy we didn't call on that world body to protect the sanctity of embassies when it seems to me that would have been an ideal forum. What do you think about its uses now? And how do you plan to relate to it?

SEC. BAKER: Well, I think the UN can be an important force for resolving disputes around the world, Senator. And I think that's been demonstrated by some of the peace-keeping missions that they have dispatched and some of the things that are going on around the world in Cyprus, and what's going to begin taking place in Angola, Namibia, what may well end up taking place in some other sectors of the world.

I do believe that the United Nations was badly in need of

reform. And I think the fact that the United States insisted on reform as a condition of continuing its 25 percent subsidization of the United Nations was important. I think that the United Nations often times becomes too politicized against the interests of the United States. And I think it's important that we speak firmly and let the UN know, when that happens, that it's not something that we appreciate or can long countenance.

There are some examples of reform taking place now. Personnel cuts, I think, are beginning.

The General Assembly has maintained the 15 percent staff reduction targets, and the Soviets are now publicly committed to allowing some of their seconded nationals to be placed on permanent contracts, which is a major policy reversal for them. So a lot of these things that we have been complaining about over the years are beginning to occur. And I think that's good, because I do believe that the United Nations can be a force for resolving disputes. It gives the parties a way to back off from positions that have long been held to put a neutral force and body in there in between them and help in the resolution of disputes.

As I mentioned earlier, I don't know whether you were here or not, but the President -- President Reagan, of course, has requested full funding for the UN this year, plus a ten percent coverage on our arrearages.

SEN. SANFORD: And you would judge that they are making progress with the kind of reforms we thought necessary?

SEC. BAKER: I believe they are making some progress. I'm not in a position yet to tell you that I think the progress is everything it should be, but they are making progress.

SEN. SANFORD: Let me shift the question to Central America. The five countries there have been suffering for generations if not centuries from poverty and disease and lack of economic opportunity. The last ten years have seen all of that highlighted, aggravated by the fighting that has gone on. President Arias presented a peace plan that had great promise, but perhaps it could be stated that one nation has held that up, while the other four go on suffering -- Nicaragua suffering also -- for lack of action on reaching any kind of an agreement. It seems to me that our government could support that plan with a bit more enthusiasm. It also seems to me that we have an opportunity now to help get at the basic problem that has caused the revolution and the unrest and the distress.

by having a kind of a development plan that we've never had there before. As you know, there's an international commission for the first time in the history of Central America that will develop a plan that originated primarily in Central America, and will be not a USA plan or a European plan, but a Central American plan. Can we expect a positive approach to solving those kind of problems for Central America, a positive encouragement to get the Esquipulas II agreement put in place?

SEC. BAKER: Senator Sanford, recalling Senator Cranston's

comment this morning on negotiations involving El Salvador, I think the starting point for those or any other negotiations is to develop with the Central American democracies a mechanism that translates the principles of the Esquipulas Accords into operation. I cited the Esquipulas Accords earlier today, I think it was to Senator Dodd as a goal for Central America. I think they contain the elements of what it is we'd like to see accomplished, but what's missing is a mechanism for enforcement.

Now, I think you have to couple with that, of course, the -- you have to address along with that the question of development. And I am aware of the commission that you refer to that bears your name, and I'm looking forward to seeing the report from that commission. I think it's -- when is it going to report? -- the first week in February. And I'm sure that there will be many recommendations in there with respect to which we will agree, and perhaps some that we will not agree. But all in all, I think it's a very healthy exercise, and I look forward to seeing the report.

SEN. SANFORD: Well, thank you very much, Mr. Chairman. I yield. It's getting late in the day, I don't take my full 15 minutes.

CHAIRMAN PELL: Thank you very much indeed, Senator. Senator Humphrey. And welcome, as I said earlier to the committee, you, Senator Mack, Senator --

SEN. HUMPHREY: Thank you, Mr. Chairman. Mr. Secretary, welcome and congratulations. You are still a bit under the weather from flu, I understand. I hope that -- you're doing magnificently under any circumstances. But to be doing as well you are, still suffering from flu, I think is remarkable. I hope you're feeling well.

SEC. BAKER: I'm doing okay, thank you.

SEN. HUMPHREY: I liked a great many things you said in your opening remarks, Secretary Baker, but what I liked most of all was a strong, clear, Jeffersonian statement which I will recite back to you. You say that, "I believe in freedom for the individual because it is a God-given right and the source of human creativity." I surely hope that you will make that the touchstone, that belief the touchstone of our foreign policy.

We ought to -- our biggest export ought to be freedom. And, toward that end, I believe that President Reagan has made significant progress in a policy that has come to be dubbed the Reagan Doctrine. For many years, of course, generations, but, particularly since the end of World War II, it has been the policy of the United States to encourage those who are seeking freedom. But, really, practically speaking, until the advent of what has been called -- come to be called the Reagan Doctrine, that support was limited to moral support.

But, it has been transformed from purely moral support to material support under the Reagan Doctrine -- significant material

support, both in terms of quantity of such material support and the quality of such material support and the sophistication of such material support. Well, we all know that the Reagan Administration will pass into history this Friday, and my first question, Mr. Secretary, to you is will the Reagan Doctrine die when the Reagan Administration passes into history?

SEC. BAKER: No, it won't, Senator Humphrey. The Vice President is a firm believer in the Reagan Doctrine as well.

SEN. HUMPHREY: I'm not surprised, but I'm very pleased to hear that; that unequivocal and brief affirmative answer that the Reagan Doctrine will survive under whatever name it may come to be called in the next four or eight years, but that the policy of providing material assistance, sophisticated and substantial material assistance, to those seeking freedom against communist oppression will continue. I take it then that you see no conflict in the continuation of such a doctrine, such material assistance, on the one hand, and on the other, the necessity of promoting an atmosphere between the US and the Soviet Union that will better enable Mr. Gorbachev to succeed in liberalizing Soviet society and the Soviet government. You see no conflict between --

SEC. BAKER: I see no inherent conflict in that, Senator. These are issues that we will be addressing with the Soviets, in the context of our discussions involving regional issues.

SEN. HUMPHREY: Hmm-mmm. I want to turn to -- again, under the umbrella of the Reagan doctrine, I want to turn to a case in point -- well, I will ultimately turn to several. But, first, as time permits -- first, Afghanistan. Many people are under the impression that because of all of the discussion about the Soviet withdrawal that our only objective with regard to Afghanistan is to withdraw the Soviet forces. In fact, that is only one of our objectives. And were that to be the extent of the situation, then many, including this Senator, would believe that ultimately we have failed in our overall objectives in Afghanistan, because it isn't only the withdrawal of Soviet forces we seek. But to cite from a presidential proclamation last year, we seek, as well, the restoration of an independent and nonaligned Afghanistan and this, importantly, self-determination for the Afghans, as well as the return of refugees in safety and honor.

And I want to cite, also, the President's letter of January 17th to this Senator, of last -- of 1987, a copy of which you have, I believe. In the highlighted paragraph, the President says: "Our objective is a negotiated settlement consistent with UN Resolutions" -- et cetera -- "predicated on the prompt and complete withdrawal of Soviet troops and full self-determination for the people of Afghanistan."

And a little farther down in the paragraph, he said that the United States would not participate in a settlement that does not provide for rapid and complete withdrawal, as well as a free act of self-determination.

And so I want to ask you, Mr. Secretary, as Secretary of State, would you consider US efforts in Afghanistan a failure if all we succeed in is the withdrawal of Soviet forces? Would you consider it a failure if the Afghans are settled with a regime not of their free choosing?

SEC. BAKER: I think the way I'd answer your question, rather than branding some other administration's actions success or failure, Senator, would be to say that our goals in Afghanistan are no different -- will be no different than the goals of the Reagan administration as you've just outlined them.

SEN. HUMPHREY: And so a free expression of self-determination, to use the President's -- Secretary Shultz's words -- I think I said that was a letter from the President. That's a letter from Secretary Shultz.

SEC. BAKER: Self-determination for the Afghans is what the President himself --

SEN. HUMPHREY: Yes.

SEC. BAKER: -- in his --

SEN. HUMPHREY: Right, hmm-mmm.

SEC. BAKER: And "a free act of self-determination" is the phraseology Secretary Shultz uses, and that will be the goal of the Bush administration.

SEN. HUMPHREY: I -- well, that's up to the extent the President adopts your recommendations.

SEC. BAKER: That's right; yes.

SEN. HUMPHREY: Good. Good.

I want to read from last Friday's column in the New York Times by A.M. Rosenthal. He speaks of Yuli Vorontsov who, as you know, is the First Deputy Foreign Minister and also now the ambassador to Afghanistan. Rosenthal says, "Mr. Vorontsov says to pull out will also depend on whether the resistance agrees to a new Afghan government that would leave Moscow and its Kabul communist allies a substantial degree of political power." It continues, "The Afghan guerrillas may give in to the conditions under pressure from the United States and Pakistan. The reason being," Rosenthal says, "the United States is eager to get on with other negotiations with Moscow."

Mr. Secretary, if confirmed, as of course you will be, will you in any way pressure the Afghan resistance to include communists in a new government in Afghanistan? And -- (pause) -- I don't know if the clerk records gestures, can you say "yes"?

SEC. BAKER: No.

SEN. HUMPHREY: Or "no." Okay.

SEC. BAKER: You don't want me to say "yes," do you?

SEN. HUMPHREY: I want you to say "no." I want you to say what you believe.

SEC. BAKER: The answer is no.

SEN. HUMPHREY: Okay. And will you countenance any official of the State Department applying such pressure?

SEC. BAKER: No. That's not going to be our policy. Assuming the President goes along with the recommendations.

SEN. HUMPHREY: Yes. And on that point, in your role as advisor to the President, will you counsel against any official, not just in the State Department, but any official of the United States applying such pressure?

SEC. BAKER: Yes, because to do so would -- then would run counter to our policy.

SEN. HUMPHREY: Okay, now what would be your -- and this gets a little delicate, because it involves another nation, another ally, a staunch ally, a brave ally -- but what will you do if you find that Pakistan is pressuring, for her own reasons and she has many imperatives that she doesn't necessarily share with us, but if Pakistan were to apply such pressure?

SEC. BAKER: Well, I don't want to answer that because it's purely hypothetical and I'd have to face up to it at the time, Senator. I just don't foresee that as being in the cards right now. But I'll decline to answer it because it's strictly hypothetical.

SEN. HUMPHREY: I hope that it doesn't become more than that. It's -- but I understand your -- the delicacy of your situation and it's a sensitive question, but it's something about which I hope you will be alert in coming months.

Now getting back to the Soviet withdrawal, Mr. Secretary, Soviet leaders have repeatedly threatened to renege on their agreement for a complete withdrawal by February 15th. In fact, just last week, First Deputy Foreign Minister Vorontsov once again made that threat. How gravely would you, as Secretary of State, view the reneging on that agreement?

SEC. BAKER: Well, let me say that we fully expect and believe that they will be gone by the 15th of February and we would view very seriously their failure to do so.

SEN. HUMPHREY: I hope -- that is the answer I've been getting from the State Department and the establishment for some time. You're just coming into it. You're not as well versed in it, as

they have been. But frankly, I think the State Department has been whistling in the dark these months, saying that we're sure they're going to get out by February 15th. They now have less than a month. And I think logically, it's all but impossible to remove the remaining 50 percent of Soviet troops in the context of the now clear and apparent desire to prop up this regime in Kabul. But, I hope that I'll be proven wrong.

Nonetheless, I think it's well to get on the record early and at the outset of this new administration the remarks you have just made about the seriousness with which you would view any breach of that agreement.

Foreign Minister Shevardnadze, for his part, who is in Kabul with Vorontsov apparently for three days just a few days ago, had this to say about Soviet -- continued Soviet supplies -- armed supplies to the regime in Kabul. And I'm quoting from an Associated Press story. It says that -- these are the words of Shevardnadze. "The present regime has every opportunity to endure. And in case the war goes on" -- that is, to say, in case the resistance continue to fight the regime in Kabul -- "in case the war goes on, Soviet arms supplies will also be continued," Shevardnadze was quoted as saying.

In other words, if the resistance continues to struggle against the regime in Kabul, which we would anticipate, then the Soviets are going to continue to provide arms. Or another way to say it is, unless the resistance gives up the struggle, the arms struggle, the Soviets will continue the flow of arms to this puppet regime.

Now, I want to turn to that letter from Secretary Shultz, a copy of which you have there. (Lengthy pause.) I beg your pardon -- I want to go to the President's letter of April 25th, 1988, a copy of which you have. And on the first page, the last paragraph, the President says, "The cessation of military or other aid to the resistance can only occur if it is matched by the cessation of similar aid to the Kabul regime. If not, military assistance will continue." That's a letter to me from the President on April 25th of 1988. In other words, the President saying that as long as military aid flows from Moscow to the Kabul regime, then military assistance will continue to the resistance.

I want to know what sort of policy in this regard you'll be recommending to President Bush. Will it be essentially the same policy, that as long as Moscow is supplying its client we will continue to provide military assistance?

SEC. BAKER: I would see no reason why we would want to change this aspect of the Reagan administration's policy.

SEN. HUMPHREY: Mr. Secretary, as you know from our discussion in my office the other day, the Senate has unanimously recommended to the State Department -- did so last year -- the appointment of a special envoy to the Afghan resistance, not to any particular party, "Afghan resistance" as a sort of generic term. Unanimously adopted

-- sponsored by the Majority Leader and the Republican Leader last year -- unanimously adopted appointment of such an envoy who would hold the personal rank of Ambassador, and who would enable us to have direct contact with the various elements of the Afghan resistance as an alternative to the present situation in which we have to depend upon another nation for such contacts; as an alternative to the present situation in which our Ambassador to Pakistan, who is already burdened heavily with important duties, also has to discharge duties respecting our efforts in Afghanistan.

In other words, we want better management, and we've proposed unanimously that we achieve that better management by the appointment of a special envoy holding the rank of Ambassador.

Now, the State Department went half way, they appointed a special envoy, but he is subservient to the Ambassador to Pakistan; doesn't have real independence. It's not what we had in mind. And I think the time has come for us to have a direct contact, a high-level contact with the Afghan resistance. Obviously the Senate agrees. And we are hopeful that, under your stewardship, the State Department will take to heart the guidance which the Senate has gratuitously offered in this matter.

SEC. BAKER: Senator Humphrey, I would be very pleased to look into that, as soon as I take office, and see what we can do.

SEN. HUMPHREY: I'm glad to hear that because you know, we've heard a lot about bipartisanship -- and by the way, the Chairman of the Foreign Relations Committee agreed to the adoption of that amendment last summer. We've heard a lot about bipartisanship, and if there's one area in the realm of foreign policy where there has been the most remarkable unanimous bipartisanship across the whole philosophical spectrum, it has been with respect to our effort in Afghanistan. And we've done pretty well, but we could do a lot better with better management. And I think this would be a big step in the right direction.

CHAIRMAN PELL: Thank you very much. Senator Moynihan.

SEN. DANIEL PATRICK MOYNIHAN (D-NY): Mr. Secretary, I'd like to join the rest of the Committee in welcoming you, and suggesting that it's getting late and we oughtn't put too much of a burden on you this afternoon. I'll try to be brief.

In your very fine opening remarks, you mentioned Dean Acheson. And I'm sure you're familiar with his memoirs, which he called "Present at Creation," by which he did not refer to the creation of the world, but of the particular world of foreign policy in which the United States found itself after World War II, confronted with the Soviet Union, which was not simply a large and aggressive and competitive power, but it made a very different claim. It claimed to be the next stage in history. That was a foreordained outcome -- that might come up sooner or a little later -- but it was going to happen, and there was nothing anybody could do about it.

The Economist this week, in a cover story, has a nice lead. It

says, "It was an idea that threatened to take the 20th Century by storm." And of course, it's all over. Nobody believes that anymore. It takes a while for that word to get to Maputo and Managua, maybe, but it's gone. Most conspicuously, though, Mr. Gorbachev claims to be entertaining that proposition. And in his speech to the UN -- and you indicated that in your remarks -- that remarkable passage in which he said, "We, of course, make no claim to the possession of ultimate truth." Well, that's exactly what they did claim.

SEC. BAKER: Yeah.

SEN. MOYNIHAN: And in that context, would you not see the possibility -- I think your statement suggests -- that our relations with the Soviets might move back towards those -- a more conventional relation, of just being two large countries with large interests, but neither intent on the destruction of the other, just as a doctrinal issue, which has always been right there between us, whether spoken or not?

SEC. BAKER: I think that's a possibility, Senator, but I don't think it's something that we ought to count on, and I don't think it's something we can afford to assume. I can't say that it won't happen; and if ultimately it does happen, all to the good. But we really should not at this stage, I don't think, take it for granted that that's going to be the course.

SEN. MOYNIHAN: But would you agree, Sir, and I think you do, that we ought to entertain a possibility that has not really been an option for a secretary of state in the last 40 years, that they may have come to a sense of their own --

SEC. BAKER: I think there may be some options and opportunities out there that haven't existed for 40 years in that -- in this arena, as well as perhaps some others.

SEN. MOYNIHAN: Mr. Gorbachev may not succeed, and, I mean, his successor may be Vlad the Impaler, but he -- you know, it's not going to be a nice country necessarily or ever. But it may be a different one in the sense the claim it makes on the rest of the world just might -- And it -- that would make a difference to us in how we might respond to the sudden appearance of a, quote, "Marxist administration" in Vanuatu or Namibia or, you know, I mean, God help the poor people, they didn't get the word. There's always somebody who doesn't get the word, that --

Two other things, Sir. Mr. -- Senator Sanford mentioned the UN, and I certainly share your views, as you described them. Would you suggest that, on the issue of reform, the first exercise we went through on this matter was when we sent word in 1975 to the International Labor Organization that if it kept going the way it had been going on, we were going to leave. Didn't want to but would, and then we did leave, and when we left -- I handled the matter here -- we said, you know, "We want to come back, but not until you've changed." And they did respond, and we did come back. Would you consider that we might go through something of the same

process with UNESCO?

SEC. BAKER: I think it's possible to do that with UNESCO, but we're not there yet.

SEN. MOYNIHAN: Not there yet, but --

SEC. BAKER: No, Sir, but it's certainly possible that someday we might -- we might find it in the best interest of the United States to rejoin. I can't -- you can't foreclose that possibility.

SEN. MOYNIHAN: Because while we're not there, we leave it to the others who are.

SEC. BAKER: That's correct.

SEN. MOYNIHAN: And one last thing. You said, and I very much welcomed it, and I'm sure every member of this committee and, in particular, Senator Humphrey would mention the -- with respect to the -- with the Afghanistan events, relations between India and Pakistan seem to have eased. You say here, "It is essential to improve ties with both Pakistan and India if we are to encourage this process." And I would take that to mean you -- our ties with the two countries respectively.

SEC. BAKER: Ties -- United States ties to both, yes, Sir.

SEN. MOYNIHAN: That's right.

SEC. BAKER: That's right.

SEN. MOYNIHAN: I think the -- I mean, at times our relationships with India reach the vanishing point. I mean, they just --

SEC. BAKER: That is correct, as you know better than most, Mr. Ambassador, but they fortunately have been improving somewhat in recent years. And with the election of a new government in Pakistan and with the Soviet withdrawal from Afghanistan which we hope and believe will take place on the 15th of February, it seems to me there's some room for an easing of tensions between India and Pakistan.

SEN. MOYNIHAN: Yes, that seems to be Prime Minister Bhutto's interest and Mr. Gandhi was up in Islamabad just a while ago. So, let's hope(?).

SEC. BAKER: Yes.

SEN. MOYNIHAN: You know, you're -- you could just be the luckiest secretary of state since John Hay, you know.

SEC. BAKER: It's better to be lucky than good, Senator.

SEN. MOYNIHAN: There you are. Thank you very much.

CHAIRMAN PELL: Thank you, Senator Moynihan. Senator Mack.

SEN. CONNIE MACK (R-FLA): Thank you, Mr. Chairman, and first let me say thank you for your welcome and to all my colleagues for your kindness and your expression of my joining the committee. I look forward to working with all of you. And Mr. Secretary, let me also -- let me be the next to last to welcome you to the committee today. Excellent opening statement and I look forward to working with you over the years to come.

Being a newly elected member of the Senate, I guess it might be natural to draw on an experience during the campaign. I began my campaign on October the 17th, 1987. Does that date ring a bell? October the 17th?

SEC. BAKER: October the 19th -- 17th?

SEN. MACK: That was the stock market --

SEC. BAKER: Yeah, well, I was thinking it was the 19th. Was it the 19th or the 17th? It was the 19th.

SEN. MACK: The 19th. See how I've forgotten already --

SEC. BAKER: Yeah.

SEN. MACK: -- that great day. Can you imagine running around the state of Florida --

SEC. BAKER: I darned sure remember the 19th, Senator, I'll tell you that.

SEN. MACK: (Laughs). I just wanted to let you know I had nothing to do with that 500 points that the market went down with that announcement. I began the campaign there, though, because I wanted to make a statement about the importance of freedom, and with Key West being the southernmost point of geographical United States, continental United States, I thought that I, again, would be able to make a very strong statement about the importance of freedom. It's only 90 miles from the coast of Cuba.

Many people say that the Cuban people are living in peace because there is no open, armed hostilities today. I would quickly add that they are not living in freedom, that peace without freedom is in fact false. And therefore I think it is important that a policy that we have with respect to Cuba be one whose objective is in fact freedom. And I know that there are many today who are suggesting that we normalize the relations with Castro. I would suggest that Castro should normalize his relations with Gorbachev before any further steps are suggested. (Scattered laughter).

I don't believe that now is the time, really, to reward Castro. If anything, we should -- we should be finding ways to make him change. And I would suggest that expanding Radio Marti, establishing TV Marti, tightening our economic sanctions, prosecuting those who violate those sanctions would be

suggestions that I would be make. And I'd be interested in your views with respect to Cuba, Castro, the ideas of normalization, and specifically with TV Marti.

SEC. BAKER: Well, with respect to normalization, Senator Mack, I think that Castro's continuing support for subversion and instability in Central America and in Chili and Columbia and other places -- the internal repression that you spoke of in Cuba and the violations of human rights that we know continue there, together with the Cuban-Soviet military relationship, make it extremely difficult for us to talk about normalizing relations at this stage of the game.

As far as TV Marti is concerned, TV Marti is something that the Reagan administration supported. Vice President Bush has been a supporter of it. I would suspect that he would continue to be a supporter of it as President.

It seems to me that Radio Marti created quite a stir when we -- when it first came on stream, but I do believe that it's made a fairly large audience there on the island acutely aware of some of the serious problems which are facing Cuba and, in fact, of the fact that there is an absence of freedom on the part of the Cuban people. So, I would tend to think that we would be supporters of TV Marti. Again, we have not been through the budget process, and I don't -- I can't tell you that it's going to be in a Bush administration budget, but I have no reason to think it won't be.

SEN. MACK: Let me just --

SEC. BAKER: It's in the -- it's in the fiscal '90 Reagan budget.

SEN. MACK: There's a mention in the Reagan budget about TV Marti, but there is not a specific recommendation for funding. And I would be hopeful that you would push that idea and request that the -- that the Bush -- first Bush budget include funding for TV Marti.

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SEC. BAKER: I thought that the Congress -- oh, the Congress did appropriate some money to test it, did they not, in September of 1988?

SEN. MACK: There has been some funds made available. I think that was \$7 million. But --

SEC. BAKER: Yes.

SEN. MACK: -- again, in the -- in the President's --

(Voice off mike)

Okay. I believe, in the President's proposal that he just submitted to the Congress earlier this month, it does not specifically --

SEC. BAKER: No dollar --

SEN. MACK: Right.

SEC. BAKER: Hmm-mmm.

SEN. MACK: And I would, again, request that you pursue that, if you would.

SEC. BAKER: We'll look into it.

SEN. MACK: One last question with respect to Cuba -- do you think that the -- with the bringing home -- and let's assume for a moment that the 50,000 or so Cuban troops that are in Angola, in fact, make their way back to Cuba. Do you think that this in any way will encourage Castro to continue or to expand his adventurism in this hemisphere?

SEC. BAKER: I'm not able to answer that, Senator, because it would require me to read his mind, but it will mean that there'll be 50,000 troops there who have been otherwise occupied doing something else for quite a while. He has given us no objective indication that he's going to pull back on his support for subversion in Central America and other places. So, it's entirely possible, I suppose, that that could open, but I can't say it would.

SEN. MACK: Again, let me try one other area that does kind of touch on Cuba and Nicaragua, which you mentioned a few moments ago. I think that Gorbachev -- and I do believe that perestroika and glasnost are real, that he is trying to accomplish things and to move his country forward. The real questions we have is that, will it last, how far will it go, and what will it really mean? I think

his objective frankly is to attain Western credits to fund his next five-year plan. And it would seem to me that before we, as a nation, were to get into a position where we would be encouraging credits from the West, that we should, in fact, make a statement, a strong statement, about the importance of eliminating that \$4 to 6 billion that is going into Cuba, and the roughly \$1 billion that's going into Nicaragua. I wonder if you share those feelings?

SEC. BAKER: Are you talking about subsidized credits now, or -- what are you talking about when you say "credits?"

SEN. MACK: I'm just talking about credits, in general -- commercial loan credits --

SEC. BAKER: Normal commercial? Well, the problem with that, Senator -- and we looked at that a number of times over the course of the past six years -- is that you can't -- you can't enforce it unless you get everybody in the boat with you. And it's going to be almost impossible to get all of our allies in that boat if you're talking about just normal commercial relationships. And capital controls -- if you're looking at it from the standpoint of capital controls -- let's say, you say no United States financial institution can make a loan to a Soviet entity or the Soviet government, you really don't accomplish anything because other country's firms, will just pick up the slack.

SEN. MACK: Well, I realize the difficulty in it. I just think it is important for us to be making a statement of that kind. We have found ourselves in foreign policy issues in the past where we are, in essence, the lonely voice, but we feel that it is important, from our perspective, to do so.

SEC. BAKER: Well, I do feel -- I feel strongly that the question of trade and credits and a whole wide range of economic issues must be dealt with in the context of the overall US-Soviet relationship. And if that's what you mean, I totally agree with that, recognizing that on the question of credits, it's extraordinarily difficult to enforce.

SEN. MACK: Again, I realize that, but again, just underlying the importance of our making that statement.

SEC. BAKER: Yes, sir. Sure.

SEN. MACK: Let me move to the Middle East for a moment, and specifically with Israel. The American people have, for decades now, supported Israel in her fight for survival, because we share common values. Israel also is a democracy and a strong and consistent ally of the United States. And I see from your statement that you were proud to be part of the Reagan team that expanded our relationship with Israel into a true strategic alliance. And I'm pleased, frankly, that you were part of that team.

But there are some very difficult issues ahead, as we move forward in trying to establish a lasting peace in the Middle East. Arafat has stated that he recognizes Israel's right to exist. He

accepts UN Resolution 242 and 338, indicates his rejection of terrorism. And we, the United States, we have responded by meeting and holding discussions with the PLO. Some are suggesting that the next step should be an international conference, including the Soviet Union and others outside of the region.

It seems to me, and a suggestion that I would make, is that the next step should be something less than a broad international conference of that type and be direct discussions or negotiations between the Arab countries and Israel; that now that the PLO has made those statements, that frankly a lasting peace in the Middle East can't be obtained without the other Arab countries, in fact, recognizing the right of Israel to exist. And therefore, I would suggest that maybe what we need to be doing is, through diplomatic ways, pressuring the Arab countries to move toward that recognition of Israel. I'd be interested in your reaction to that.

SEC. BAKER: I don't see any problem, as far as the United States is concerned, in using its diplomacy to encourage Arab nations to recognize Israel's right to exist. I quite agree with you; I think that's quite appropriate and something that we should do. I believe that some of those countries will take the position that they have already recognized Israel's right by their acceptance of 242 and 338, and some people will argue that the two are not the same. But I don't think that there's anything wrong at all, Senator, with the suggestion that you've made. And I would be glad to look into that and will look into it to see if it should become more a part of our policy.

SEN. MACK: Let me move, again, back to Central America. I was in Miami, Florida, this past weekend, and I'm sure you probably saw the problems that were developing in Miami with respect to the immigration of Nicaraguans as they make their way up to Texas and, from Texas, to Florida. I went out to the baseball stadium where some 263 of the Nicaraguans were being temporarily housed, and just within a matter of days, that facility will be closed down. The city will have to once again respond, try to find a place to house these folks. I guess I really wasn't ready for the emotional impact of meeting 263 people who, frankly, their message was the same as the 2000 contras that I had the opportunity to meet with down in Honduras: The determination for freedom. In fact, the spokesman said that, while many people want to imply that the reason that they have come to the United States was for economic reasons, the reality is that they came here because of their desire for freedom.

And I would like to have one more comment. What has happened is that, regardless of getting into a debate about whose policy may have created this, there are in fact somewhere between 80 [thousand] and 100,000 Nicaraguans in the Miami area already, and there is a great deal of fear about thousands and thousands of others coming through Texas into Florida, and I would like to hear your views on what needs to be done, what policies need to be followed with respect to Nicaragua, Central America, to stem this flow of folks from Nicaragua into the United States.

SEC. BAKER: Well, we got to get our -- we got to get our act together up here, Senator. We got to get together on a policy that is bipartisan and that is equally embraced by the legislative and executive branches of the government, so that we can come up with something that works. Because, without seeking to put blame anywhere or anything else, the policy that we've pursued before hasn't worked because we haven't had a unified United States behind it. And frankly, it's my view that if we come up with a policy that we can embrace on a bipartisan basis, and legislative and executive together, that alone will give us the latitude to do some things down there that need to be done, through diplomacy and negotiation, in the context of the Esquipulas accords. So that's the -- that's the direction in which I would like to proceed. I think I've visited with almost everybody on this committee to that effect. And I will be continuing those efforts in the days and weeks to come, and I really hope that we can come together with a policy that will help us address the very serious problems you've just pointed out.

SEN. MACK: One last point, and then I will yield back my time. I just -- I commend you for that approach, and I am confident that that is the direction and the commitment that you will make to try and carry out that objective. But, I would just strongly urge that it takes more than just bipartisan support to change the situation in Central America, and, specifically, within Nicaragua. The policy that we have got to adopt, in a bipartisan way, is that, in fact, our objective is to give the people of Nicaragua the opportunity to live in freedom. And when that occurs, then I think we can effectively stop the flow of Nicaraguans into the United States.

SEC. BAKER: Well, that, I think is the goal of our present policy; the ultimate goal of our present policy. And it should be the ultimate goal of our new policy.

SEN. MACK: Thank you, Mr. Secretary.

CHAIRMAN PELL: Thank you very much. Before turning to Senator Robb, I would say that it's the intention of the Chair that, at the termination of Senator Robb's questions, we will then start a second round where the time will be 10 minutes instead of 15. Get started a little bit, so that when we meet again tomorrow at 10:00, there'll be the opportunity of wrapping up tomorrow and staying in tomorrow as late as is necessary, so that we can reach a decision -- wind up the hearing and agree to vote probably about 10:30 on Friday. That's the objective of the Chair. Hope we can achieve it. I would recognize --

SEN. DODD: The floor, Mr. Chairman?

CHAIRMAN PELL: Certainly. Senator Dodd.

SEN. DODD: (Off mike) -- this will be at 5:00. That would be -- we've got a Secretary with a cold, I think. I want to make sure he comes back tomorrow morning. After Senator Robb finishes his round --

CHAIRMAN PELL: (Off mike) -- Senator Helms, then we'd wrap up.

Senator Robb.

SEN. ROBB: Thank you, Mr. Chairman. I have -- first of all, let me say, I'm delighted to be able to join you on this committee. I think I and, perhaps, Senator Mack and others have learned something about the rich diversity of the committee today and the interests, and the Secretary-designate, I'm sure will be pleased to know that I have no particular litmus test to pursue at this time.

I come at the equation, the foreign policy equation, with something of an executive bias, not only in terms of my own past experience, none of it in the Legislative Branch, but feeling that the discussion earlier about the piano player and what have you is important. There -- I'm pleased that there has been virtually universal praise for something that would move in the direction of bipartisanship.

One very brief question in this area. You mentioned something about a letter from Senator Danforth that I have not seen myself, but what could we do to institutionalize this consultation that I think is critical

in those instances where, unlike today, the feeling of unanimity is not as evident in some of the areas that have been hinted at through some of the questions that have been addressed to you in a very polite way. And I think the feeling of -- that we want to proceed on the basis that you have instituted this whole process. Is there anything that we can do to institutionalize the forces so that we don't come to the -- and just one concern that I have, and I think I've mentioned it to you privately -- is meeting with a number of leaders of foreign countries and others, particularly in Central America, but in other parts of the world -- a question was raised, too often, it seemed to me: Who speaks for the United States? Who can we trust, in effect? Very troubling, and I was wondering if you had anything more in terms of how we might institutionalize that process?

SEC. BAKER: Well, one of the things that the letter indicated was that if the Executive branch could improve its consultative practices, perhaps the Legislative branch could improve its practice of kibitzing. And, I think, in terms of institutionalizing it, Senator, the best -- the only thing I know to do is to start working it and make it work. I don't think that we can write agreements or write rules or anything like that, but I do believe that we can spend a lot more time together. As I said in my statement, it's our very real hope that we can be together on the takeoff and the landing because, after all, we are a government of shared power. And it doesn't do us, as a nation, a bit of good when we're sitting here pulling and tugging on something the way we've pulled and tugged on this Central America thing over the course of the past two to three years, because we end up ultimately with a policy that nobody is happy with, because it's a policy that doesn't work.

So, that's just a long-winded way of not answering your question about how we can institutionalize it, although, perhaps Senator Boschwitz, Senator Danforth, Senator Boren, and some of the

others who signed that letter would have some ideas. We'd certainly be receptive to any ideas anybody has.

SEN. ROBB: Senator(sic), I certainly share your hope on that. One quick question. One of the difficulties that I have quickly learned about, being last in seniority and having an opportunity to hear all the rest of the questions, you have many opportunities to revise the questions that we might ask. Under the circumstances, I won't -- I don't want to bring Central America through the whole process again, but looking at a broader question -- can you give us some philosophical insight beyond Esquipulas II, which I support wholeheartedly and hope, as you do, that it works, although I must confess to you that I have great doubts at this point that there is the kind of will or commitment that we need to make it work, but we still ought to be for it. What ought the US role to be in Central America in particular?

We don't have a very good history --and our joint service, United States Marine Corps has a number of common points that are not normally part of what we regale the folks with in terms of our --

SEC. BAKER: That's right.

SEN. ROBB: -- the good deeds that we have done, so I may be a little overly sensitive in this area, but I think it's clear that there is an expectation by all parties who wish us well or who wish us otherwise that, whether we're on their side or the other side, that, at some point, we will intervene in their affairs. Is there any insight into what kind of role the United States ought to play in this region, what limits of intervention that we ought to think about? In a philosophical sense.

SEC. BAKER: Well, I think we ought to do what we can to dissuade them from the view that we will, under any and all circumstances, intervene. I don't -- at the same time, I don't think that we should ever say never, for the reason that responsible -- a responsible foreign policy depends upon a nation's ability to reasonably and responsibly project power when it has to do so in its national interest or in the interest of some country with which it is allied. It seems to me that there's no question about the fact that Central America is a vital interest of the United States. That's not debated. It seems to me that the United States should be supportive of the governments in the region. The United States should work to promote freedom and opportunity and pluralism and respect for human rights in every one of those Central American countries. That's -- beyond the Esquipulas II Accords -- what I would, off the top of my head, define as the appropriate role for the United States in Central America. We should be diligent in trying to overcome the United States Marine Corps history to which you allude.

SEN. ROBB: Mr. Secretary, I share your hope in that area. In -- another area where the application of the Reagan doctrine has presented conflict from time to time certainly is in southern Africa. I think there's universal condemnation of apartheid by virtually all players in the debate, but considerable uncertainty as

to the appropriateness of additional sanctions or how well sanctions have worked. I happen to believe that, without some pressure on our allies and trading partners for multilateral approaches in the area, that any contingent unilateral action -- I think this essentially tracks the views that you already stated. Could you give any insight as to how we might or if we're willing to exert a particular pressure on trading partners, allies and others that could have more of an effect in terms of the prosecution of US policy in that area, specifically bringing an end to the apartheid form of government?

SEC. BAKER: Well, I really can't right now, Senator Robb. I'm not sure that economic sanctions will work, even if we were able to broaden the roster of sanctioning countries for the reasons that I outlined in my earlier answers.

Whether or not we are able to, whether or not there are other countries that would want to participate, whether or not there are other countries that might be persuaded to join in sanctions, and whether or not it's something we would want to do are all matters that will have to be determined after we take office.

SEN. ROBB: I guess my concern -- I won't pursue it at this point -- is that much of the decline in bilateral trade and what have you have been picked up in other areas, and including people or countries with which we had a pretty close relationship and with whom we were presumed to have a certain amount of influence.

SEC. BAKER: This is the history of economic sanctions.

SEN. ROBB: (Chuckles.)

SEC. BAKER: It happens all the time.

SEN. ROBB: Let me move to one other area that was not covered specifically with respect to terrorism and ask you another basic philosophical question. And that has to do with the precise point that force can be used to prevent countries and terrorist organizations from acquiring weapons of mass destruction and the means to deliver them. In other words, is there anything that you can share with us with respect to preemption, which is obviously a matter of concern in a particular North African country today, that would be useful in understanding what kinds of lines we might draw in the foreign policy area, with respect to the application of force or preemptive use of force?

SEC. BAKER: To deny -- to deny chemical weapons, for instance, to countries --

SEN. ROBB: Chemical -- or the weapons, or the ability to deliver those weapons?

SEC. BAKER: No, sir, beyond saying that I think that the policy of the United States is that under certain circumstances, the use of force in situations like that is not inappropriate.

SEN. ROBB: Moving to the Mideast for just a minute, that has

been pretty well covered. A couple of questions that I don't think were specifically addressed, one having to do with what would be the appropriate role of the Soviet Union with respect to any negotiations in that area. If you did cover in your statement, forgive me for missing it.

SEC. BAKER: Well, if there were an international conference, presumably the Soviet Union would be in attendance. Again, any international conference would have to be properly structured and must be something that would lead to direct negotiations, because it's only direct negotiations that are going to solve the problem ultimately.

We don't oppose a Soviet role, but we want a constructive approach that would emphasize practical steps and not simply slogans, an approach, if you will, that would -- that shows that the Soviets are interested in a process that can lead somewhere and not one that's just an end in and of itself.

I would think, Senator Robb, that there are some signs of such an approach that the Soviet Union could send. One of those might be restoring relations with Israel. Another, of course, would be continued Jewish emigration. They're doing pretty well on that now, so much better than they were before. Another might be for the Soviet Union to stop supporting those who oppose peace -- for instance, a state like Libya. These are all signs, I think, that they could send that if they were to have a role in the Middle East peace process, it would be a responsible role.

SEN. ROBB: One other niche-filling question -- in the Mideast, I guess they're all sensitive -- more in a philosophical sense. Any comment on a relationship between arms sales and the peace process generally, what kinds of constraints that we might hope to achieve in that area?

SEC. BAKER: No, no comment on the relationship generally, Senator. Arms sales is another area, I think, where there is room for great improvement in the relationship between the Executive and Legislative Branch. I think it is fair for you to expect the Executive Branch to give you better notice of pending arms sales, but it is fair for us in the Executive Branch to expect you not to foreclose or preclude the fact -- the possibility of a sale before we have a chance to make our case to you, by going out and getting 70 signatures on a letter. If we do consult in advance, that's usually what happens to us.

SEN. ROBB: Hmm.

SEC. BAKER: So that we need to work this issue as well, because there are some situations and instances where sales of arms to some countries make good sense, where it is in the national interest not just to the United States but of the countries in the Persian Gulf and Israel as well.

SEN. ROBB: One final question if I may, Mr. Secretary. I was one of several of those members of this particular body that

attended a conference on US-Soviet relations and had an opportunity to review the book "Global Rivals" and some of the things -- Savarian (ph) Galler (ph) was among those scholars who was present and talking a possible end to the cold war, as Senator McConnell mentioned a little bit earlier. Is there a possibility at this point,

if we accept the limitations or the virtual abandonment de facto of the Brezhnev doctrine, that the United States would push for any formal repeal? I realize it was never codified in a sense, but something that would give us any reason to believe that a permanent change had been made in that relationship? Or is that something we just move --

SEC. BAKER: I'm not -- I'm not aware of any consideration being given to that. Let me say in that regard that, as I indicated earlier, we think that actions speak louder than words in any event, and if there's -- if it's going to happen, we'll know it through the actions and we won't need the words.

SEN. ROBB: Thank you, Mr. Secretary.

Mr. Chairman, given the lateness of the hour, I would yield back any time that I have remaining.

CHAIRMAN PELL: Thank you. Thank you very much indeed. We've now completed our first round of questions. We go to 10 minutes now. And I would suggest we desist at about half past 5. I promised Senator Murkowski that he could have half of my time.

Would you go ahead with your five minutes?

SEN. MURKOWSKI: Thank you very much, Mr. Chairman. I very much appreciate you giving me five minutes.

Mr. Secretary, the issue of foreign investment in the United States is one that is receiving more and more consideration by members of Congress. And of course, we all know that we're very much dependent on foreign investment in the United States for many considerations, including the financing of our deficit. We also know, Mr. Secretary, that money finds the highest return with the least risk, and the US provides that type of a sanctuary, and that's in our best interests and the best interests of foreigners who invest in the United States.

However, I'd like your views on an issue that I consider of growing concern, and that is foreign investment in the United States that's actually controlled and manipulated by foreign governments. We've seen, for example, a recent situation with regard to the government of Great Britain and the Kuwaiti National Oil Company where, over a period of time, the Kuwaiti National Oil Company acquired about 21 percent of the common stock of British Petroleum. It's my understanding that the Board of Monopolies in Great Britain has ruled that that was not in the national energy security interest of Great Britain; that that holding, which was a government-held oil company, was contrary to the security interests of Great Britain.

As a consequence, the requirement was that they dispose of that stock down to about 9 percent from 21 percent. And it's my understanding that that process is occurring now.

As we reflect on foreign investment in the United States, we're aware that there is some participation by foreign governments. Would you

agree that it's very difficult to accurately assess the information capabilities we have to distinguish foreign investment from the private sector as opposed to foreign investment by governments through the private sector, but the fact that those governments themselves are the controlling factor? And do you believe that we should have some capability to determine factually just who the owners are if indeed we suspect that they're other than the private foreign sector?

SEC. BAKER: Senator, I think we have that now. I think we have it -- I think we probably had it before, but if we didn't, we sure have it under the new trade bill with the Exxon-Florio provision that provides for that in instances where the national security is impacted. I frankly don't worry a lot about investment in this country by foreign entities, be their governments or individuals or corporations because I frankly believe that our openness to foreign investment has been the economic trump card of this country for over 200 years. It's one of the reasons that we've had the best economy in the world for a long, long time.

As you pointed out, foreign investment creates jobs and it creates output and it creates technology, and you start restricting it, and you're going to see interest rates go up and a whole host of other things happen that we don't want to have happen. So, I believe that we already have the necessary provisions to protect the national security against investments whether they be by foreign governments or just foreigners generally.

SEN. MURKOWSKI: Well, it's my understanding that it's very difficult to obtain accurate information on that differentiating point of whether the --

SEC. BAKER: Well, I don't believe it is --

SEN. MURKOWSKI: -- foreign government participation is indeed a considerable participant with the foreign private sector. Now, in the energy industry, for example, is it in the national energy interest of our nation to have a significant portion of our refining capacity controlled by foreign interest that indeed may have foreign government control that perhaps are Mid-Eastern interests that have substantial oil ownership that could dictate a monopolistic situation?

SEC. BAKER: There is a -- there is a provision, as I understand it, in the new trade bill as well as some in prior law that permits an investigation to go forward in situations like that to make a determination about whether the national security would be adversely affected.

SEC. BAKER: I really believe now there -- Now whether you can get to the underlying ownership or whether you just come up with a corporate name from country X, I can't answer that part for you but I do know we have provisions designed to protect the national security.

SEN. MURKOWSKI: Well, let me go one step further. Let's assume for a moment, and my time's about up up, that we have a foreign government controlled financing arrangement which is so attractive that it obviously precludes a competitive participation from a US corporation in a project, and I think we've all seen evidence on certain occasions where governments participate with a private sector to determine a market share that's very difficult for our private sector to compete with because we don't allow that linkage. We've got anti-trust laws that prohibit it. A foreign trading company for example can be involved in production, transportation, advertising, and goodness knows what while we're limited. And I'm concerned with how we maintain an international competitiveness when we can't carry the same linkage that's taken for granted by a holding -- not a holding company but a trading company?

SEC. BAKER: You know, that's one of the -- in 1987 we sent a package of competitiveness approvals to the Hill, the President's competitiveness package. One of the provisions in there, a suggestion was that we take a look at our anti-trust laws from just that -- for just that reason because they were, you know, they may very well -- you may decide you don't want to change them at all but Congress ought to take a look at them because they do impact upon our competitiveness.

SEN. MURKOWSKI: Well, I appreciate your interest and reassurances in those particular areas --

CHAIRMAN PELL: Frank, my time's expired I'm afraid.

SEN. MURKOWSKI: Thank you.

CHAIRMAN PELL: Senator Helms?

SEN. HELMS: Well, Mr. Secretary, I know noticed that you had the -- you heard a divergency of views about Central America today, and you will continue to hear that, but there's one thing missing in all of the declarations about what we should do. To my knowledge the Monroe Doctrine has not been revoked. It's not been repealed. It's not be repudiated by any sane politician. They go home and say they believe in it, and yet this Congress has really sold the freedom fighters down the river. But let me move on to something else. Every since 1981, I believe it is, the Legal Advisers Office down at the State Department has been meeting with Soviet officials in Moscow and in Washington to discuss the issue of the US-Soviet boundary in the Pacific. Now the boundary was not defined by the Alaska purchase of -- what? -- 1867 I believe. The United States discovered and took possession of the Wrangel Island and four other islands north of Siberia between 1878 and 1881 during official US

government expeditions.

Now, if these islands are in fact ceded to the Soviet Union, it will have a dramatic impact upon the US outer-continental maritime shelf, exclusive economic zones, and fishery conservation zones. We'd lose half of our area on the outer-continental shelf. Now, since we are dealing with national boundaries here and not just maritime boundaries, are you prepared to assure the committee that any agreement surrendering US sovereignty and territory in these islands will be submitted to the Senate in treaty form for a resolution of approval, rather than being completed as an executive agreement?

SEC. BAKER: Senator, I'll have to get back to you on that. I'll take a look. I didn't -- I didn't -- I'm not familiar with what the planning is with respect to those negotiations and discussions, whether they're planning to do it as a treaty, or an agreement, or what, but I'll take a look at it.

Let me say this, I have been briefed on the question of Wrangell and Henrietta and Jeanette (sp?) Islands, I think they are. I've been told that these islands north of the Siberian mainland are really not ours to cede sovereignty over. While the US citizens were involved in the discovery of several of them, the United States government never formally asserted a title to them.

But, beyond saying that, let me just say that all of this is the subject of an ongoing negotiation and probably wouldn't be appropriate for me to comment further, except to say that I will look at your request for assurance, and I'll get back to you within a few weeks after I'm confirmed.

SEN. HELMS: Mr. Secretary, that is fair enough. And what you have said emphasizes the need for exploration and discussion by the Congress -- by the Senate.

Let me go on to the PLO for just a little bit. Since 1968, the PLO has been responsible for the deaths of dozens of American citizens, innocent ones. And in its discussions with the PLO has, to your knowledge, the State Department ever raised the issue of obtaining compensation from the PLO for the families of its American victims?

SEC. BAKER: Not to the best of my knowledge but, again, I believe there's only been one meeting that's been held since the determination was made that there could be discussions.

SEN. HELMS: Well, I know there's been only one formal meeting, I just wondered if --

SEC. BAKER: There may well have been some informal --

SEN. HELMS: Yes.

SEC. BAKER: -- requests for compensation that I'm not aware of. I'll check that and let you know.

SEN. HELMS: Well, why you're doing that, would you check and

SEN. HELMS: Well, why you're doing that, would you check and

see what priority the Bush administration will place on obtaining compensation from the PLO?

SEC. BAKER: I will do that, too.

SEN. HELMS: Because a lot of people want to know that. And before anybody says a word, do you recall that the President of the United States extant has said we are going to compensate for the plane that was shot down. He voluntarily said that.

Now, congressionally mandated US policy has been that, before the United States could initiate talks with the PLO, the PLO would have to meet three tests, one of which required a renunciation of terrorism. Now, can this requirement be satisfied by just rhetoric? Or should, in your judgment, we require that the PLO renounce terrorism in both words and in practice?

SEC. BAKER: Well, it's going to have to be done in both. And as I indicated in answer to an earlier question, one of the -- one of the subjects which it would be appropriate to discuss with the PLO in our discussions with them is their abstinence from terrorism.

SEN. HELMS: So, it's fair to conclude, from what you say, then, that the next time the PLO or one of its factions either threatens or carries out terrorism, the administration would move to terminate talks with the PLO; is that a -- is that a fair summary?

SEC. BAKER: Well, I think we'd have to look at the circumstances, Senator. I'm not sure the PLO can or pretends to be able to control everything that goes on over there and, for that matter, even perhaps some of the dissident factions. I think it's a case of judging the -- judging their compliance with their renunciation of terrorism in looking at the whole picture and judging it in good faith. But we certainly expect to see actions and not words.

SEN. HELMS: Moving along quickly, because I want to get you home so you can treat that case of flu you have. Incidentally, you have done beautifully today, feeling bad as you must feel.

SEC. BAKER: Thank you, sir.

SEN. HELMS: Qadhafi's MIG-23 aircraft are obviously capable of dropping chemical weapons on Cairo.

SEC. BAKER: On what, Senator?

SEN. HELMS: On Cairo, Egypt.

SEC. BAKER: Cairo, hmm-mmm.

SEN. HELMS: And with air-to-air refueling capability, Qadhafi could obviously drop chemical weapons on Israel. Now, do you have in your mind that you're going to look into and report back to this committee on the reports that a Germany company is now helping Qadhafi obtain air-to-air

refueling capability for his aircraft? I think it's essential that we have some information on that and --

SEC. BAKER: I will be glad to look into that, Senator.

SEN. HELMS: And report to us.

SEC. BAKER: And report to you.

SEN. HELMS: Now, last year the United States discovered that Red China was supplying Saudi Arabia with chemical weapons capable INF missiles. Now, is there any reason -- maybe it's too early for you to know -- but is there any reason to believe that China may also provide Qadhafi, or for that matter Syria, Iran or Iraq, with missiles of a range greater than 500 kilometers capable of delivering chemical weapons against either Egypt or Israel?

SEC. BAKER: I have no reason to know that. But that's not -- that should not be taken to mean that it hasn't happened or is not capable of happening. Again, let me check into that for you, Senator --

SEN. HELMS: All right. I understand. You have people here, and I know they will take notes on the things that I'm asking.

SEC. BAKER: Yeah, we'll do that.

SEN. HELMS: I don't want to overload the circuit.

Now, last fall, during debate on the House Floor, one of the members of Congress suggested that the administration had secured a commitment from China that it would not supply intermediate range missiles to the Middle Eastern countries. Now, as a matter of fact, do we have any kind of commitment from China that it will not supply missiles of a range greater than 500 kilometers to Libya? Do you know anything about that?

SEC. BAKER: Senator, I'm familiar, from my prior government service, of some discussions that were held with the People's Republic of China concerning these matters, but they were -- it was all very highly classified. So maybe I'd respond to you in writing later on.

SEN. HELMS: That will be fine. And if you'll also include Syria, Iraq, Iran and Saudi Arabia.

SEC. BAKER: Fine.

SEN. HELMS: And I see that yellow light's on. And I hope you feel better tomorrow morning.

SEC. BAKER: Thank you, sir.

SEN. MURKOWSKI: Senator Helms, would you yield for just a point? As a defender of Alaska's land mass I'm somewhat involved in the question of Wrangell Island, Henrietta, and the other islands.

And I can assure you -- and I'd be happy to brief you or your staff further on the matter, but unfortunately, the records show that we did not choose to make a claim, for whatever reason I have yet to unearth. But that seems to be the factual information. Thank you.

SEN. HELMS: It depends on which record --

SEN. MURKOWSKI: Well, I'd be happy to look at any record, because, you know, we're twice the size of Texas now, and we'd be happy to be three or four times. (Laughs.) Thank you, Mr. Secretary.

SEN. HELMS: It's sort of like Mr. Dooley once said about the -- what he called the Democrat party. He said they done fell out among themselves. So, we'll have to talk about this. Thank you.

CHAIRMAN PELL: Two more questions, then we'll wind up.
Senator Bobb?

SEN. ROBB: (Off mike.)

CHAIRMAN PELL: Senator Kassebaum?

SENATOR KASSEBAUM: No.

CHAIRMAN PELL: No more. Well, then I think out of mercy, and the tiredness of all hands, we will wrap up. And I would add tomorrow, if the staff would make a note, it's our intention to keep going as late as is necessary in order to be -- arrive at a point where we can vote the following day. The Committee is adjourned until 10:00 -- recessed until 10:00 tomorrow.

END

Consequently, sufficient time should be provided for the new members to participate fully in the hearings. I would now recognize Senator Dole, the Ranking Minority Member, if he would --

SEN. DOLE: Mr. Chairman, I --

CHAIRMAN PELL: The -- not the Ranking Minority Leader, the Minority Leader.



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17 January 1989

H.E. Mr Yitzhak Shamir
Prime Minister of the State of Israel
3 Kaplan Street
Kiryat Ben Gurion
91919 Jerusalem

משרד ראש הממשלה
ירושלים
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Dear Prime Minister

In the international fight against terrorism, in all its forms, the President-elect of America, Mr George Bush, has released a report recently compiled by the Pentagon on terrorist organizations throughout the world. The report contains a special section on African Terrorism with specific reference to the African National Congress (ANC).

As the ANC directs its terrorism against innocent South Africans, this report, from the American Pentagon, is of great importance to the Government and peoples of South Africa.

In view of recent international events pertaining specifically to Israel and international terrorism and the implications of recognition of terrorist organizations, I thought the attached document would be of value and interest to you.

Yours sincerely,

J. L. VILJOEN
AMBASSADOR

820 (1-2)

January 13, 1989

ADVANCE TEXT OF LETTER TO PRIME MINISTER SHAMIR
FROM PRESIDENT REAGAN

Dear Yitzhak:

Congratulations on the successful formation of a new government and on the opportunity given to you to lead Israel into the 1990s. As I prepare to leave office, I want to review briefly both the accomplishments of my administration as well as its unfinished business.

Through our close and candid dialogue we have achieved much over the past few years, and I feel justifiably proud of our record. We have broken new ground in our relationship, and the security of the United States and of Israel has been enhanced by our mutual efforts. Through strategic cooperation we have learned to think, plan and practice in close harmony. Through our consultations on Israel's economic difficulties, we have begun to reverse destructive trends challenging Israel's economic well-being. The free trade agreement will serve as a solid base for expanding trade and as a symbol of our commitment to an abiding, mutually advantageous relationship. I was proud to have been able to institutionalize our dialogue in the Memorandum of Agreement we signed on the occasion of Israel's fortieth anniversary.

Despite the many challenges you and I have faced and the occasional differences that have arisen, I believe our friendship has emerged ever stronger. I attribute this to the goals and values that unite us: democracy, peace, and an unassailable posture of strength against our enemies.

Your new government and the next U.S. administration will open a new chapter in our relations, but I am confident that there will also be fundamental continuity. I hope that you will move quickly to address the central questions that face Israel -- how to restore momentum toward a comprehensive and peaceful solution to the Arab-Israeli conflict and how Israel may best contribute to this goal. I know you will receive all the support and assistance you need from the United States.

Of the world leaders I have known, you are among the most courageous and most forthright in the defense of your national interests. It is my fervent hope and prayer for the new year that while fully preserving those interests you will be able to take constructive steps that will lead toward a comprehensive peace for Israel and its neighbors.

With warmest personal regards,

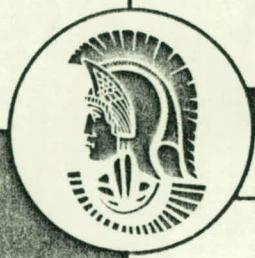
Sincerely,

Ron

WILLIAMSVILLE HIGH SCHOOL NORTH

5645
29/11/89

1595 Hopkins Road, Williamsville, N. Y. 14221



משרד ראש הממשלה
יוזליהם
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Rachel Plaskin
127 Glen Oak Drive
East Amherst, New York
14051

January 3, 1989

f-11-12

Prime Minister Yitzhak Shamir
Hakirya
3 Kaplan Street
Jerusalem, Israel 91919

Dear Prime Minister Shamir,

My name is Rachel Plaskin, and I am a senior at Williamsville North High School in New York State. I am inviting you to come speak to my participation in Government class, a course in which students are taught the fundamentals of the American governmental system, as well as given the chance to participate in the community. I feel that your presence at my school would be very valuable. As a fellow Jew, I feel very strongly about the state of Israel. After I was bat-mitzvah, in May of 1984, I traveled to Israel for the summer with my grandparents. I finally had the opportunity to explore the beautiful state I had only heard so much about. I was amazed to see how advanced Israel had become in its short existence. The trip was an experience I will treasure forever, and I plan on returning in a few years. We knew of the true meaning of Israel, all the wonderful places to visit, the things to see, but I don't think this is true for most of my classmates. They know of Israel as a small Middle Eastern state, often in the midst of war. There is so much

WILLIAMSVILLE HIGH SCHOOL NORTH

1595 Hopkins Road, Williamsville, N. Y. 14221



else to be shared and explained to those not fortunate to have visited Israel. It would be wonderful if you could speak to the students of my school. I know they have many questions pertaining to Israel, and what is going on in the Middle East. Also, you could share with them the incredible beauty of the State of Israel. The length of our school year is September 15th-June 10th. My high school is located in the western part of New York State. We are a suburb of the city of Buffalo and a few minutes drive from Niagara Falls. Any responses can be made to:

Rachel Plaskin
c/o Mr. J. Wesolewski
Instructor Participation in Government
Williamsville North High School
1595 Hopkins Road
Williamsville, New York 14221

Thank you very much for your time. I hope to hear from you soon.

Sincerely,
Rachel L. Plaskin
Rachel Plaskin

כ"ד נסכתת תשמ"ט
1 בינוואר 1989

לכבוד
מר יואכ' פק
יו"ר מועצת ארכונgi חועלם
ת.ד. 71141
ירושלים 91 711

810-0
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שלום רב,

ראש הממשלה בקשרי לאשר קבלת מכתב מיום 12.12.88.

אנו מ██ים עטך כי יש לתת עדיפות עליזות לנושא חעלית
וחקליטה. ממשלה זו מעשה כמשמעותה כדי לעודד עלייה מרוחבי העולם
וחקל על דרכי הקליטה בארץ.

בשל חשיבותה מכתבך, אנו מעבירים עטך היינו לשר חקליטה -
הרבי יצחק פרץ, ובטוחנו כי יקדיש לכך מלאה אשומת הלב.

בברכה

יששכר קציר
יו"ץ ראש הממשלה

העתק: הרבי יצחק פרץ - שר חקליטה.

✗

12.12.88

משרד ראש הממשלה

ירושלים

21-12-1988

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לכבוד
מר' יצחק שמיר
ראש הממשלה
משרד ראש הממשלה
כביש רופין, בניין 3
קריית בן גוריון
ירושלים

א.ג. ,

אננו חברי מועצת ארגוני העולמים דורשים כי במהלך המשא ומתן תורבתו
עדיפות גבואה לנושא העליה והקליטה.

המערכת כולה נמצאת במצב של התפוררות!

אין כיוון כל תשתיות תקציבית והכנה מעשית לאלפי עולמים המבקשים לבוא
ארצها ודוחים את בואם או מהגרים לארכוזות אחירות מחוسر תשובה מעשיות
קליטתם.

הממשלה משלמת מס-שפטיים בלבד לחשיבות העליה בעוד שהיא צריכה לשאת
אחריות.

בקורוי היסוד של הממשלה החדשה חייבים להבטיח אחריותה של המדינה
לעליה וקליטה ולהקציב המשאים הדרושים תוך שיתוף הסוכנות היהודית
והסתדרות הציונית העולמית.

אננו מקוראים כי דיווניכם יוכתרו בהצלחה.

לכבוד רב,
/הג
יואב פק
דו"ר מועצת ארגוני העולמים

