

ADDRESS BY THE HONORABLE RONALD REAGAN
"World Challenges, 1979" Seminar
Pepperdine University, Malibu, California
January 12, 1979

With increasing frequency we have read and heard of the concern of our friends and allies about what to them appear to be the on-again, off-again policy contradictions of the United States, especially in matters of collective security, NATO and disarmament. Considering this rising chorus of criticism of our country coming from leaders in Western Europe especially, I felt it was time to learn about these concerns at first hand; to have candid discussions with political leaders both in and out of government, with business leaders and with some of our own officials and scholars abroad.

My recent trip took me to London, Paris, Bonn, Berlin and Munich. In all, I had some 20 meetings and they covered virtually every topic that might concern our allies. But, all these discussions brought us back to the underlying concerns which we share with Europe; how can the peace be maintained and how can we strengthen the bonds that unite us not only in search of a common defense, but that also link our economies in a web of interdependence?

The essential ingredients of any successful strategy designed to promote peace and to deter aggression include political, economic, military and psychological measures.

Too often we focus on the purely military aspects when we consider our own national security, and while we must always be certain that our guard is up and that we have a strong, viable deterrent force poised against any potential aggressors, this alone will not meet the requirements of the 1980s.

On this trip I had the opportunity to hold extensive discussions with leaders from government and business who are concerned with the trade negotiations that are now in the final stages in Geneva. All of Europe (and, I might add, Japan too) hopes for a successful conclusion to the Multilateral Trade Negotiations. But, many are concerned that — should those talks fail — the world could slide backward into protectionism, perhaps even touching off an explosive and devastating trade war.

We are the world's largest and most important market for finished products, and our recent staggering trade deficits — now running on the order of \$30 billion annually — attest to this fact.

We also sell to the world airplanes, computers, machinery and all forms of technology. Even more important, it can be said that we help feed the world, blessed as we are with the conditions that provide abundance and the ever-growing productivity of our farmers.

It is vital for the maintenance of good relations with our allies — particularly those in Europe and Japan — that the free flow of goods not be impeded by the beggar-thy-neighbor policies of protectionism.

My clear impression is that most of our friends abroad are convinced that their security and well-being will suffer if economic warfare should break out. Without a doubt, the NATO Alliance would be put to a supreme political test because it is inevitable that economic matters will have an unfortunate — and perhaps devastating — impact on our military security.

So, it is clear that Europe (and Japan) are apprehensive about United States policy on trade and economic matters. They fear most of all a faltering, divided America that continues to spend more than it takes in, whose currency remains under attack and whose broad credibility is undermined.

Our friends are concerned that we may take the first steps to erect damaging barriers to trade and commerce, and they are preoccupied with the long-range consequences of such actions.

While we have always prided ourselves on being resourceful and imaginative "Yankee Traders," we are being out-competed and out-sold throughout the world, and even sometimes here at home.

The truth of the matter is that we really do not need to export to live well and to prosper, while Europe and Japan must. They depend on access to markets abroad, and if those markets are choked off — for

whatever reason — unemployment and economic crisis will result. Such developments can be contagious, and the industrialized world could not long endure a sustained economic conflict.

Generally, it seems to me, we are recognizing the importance of world trade to our own economy and to our prosperity. As the U.S. dollar has steadily weakened and depreciated against other currencies, one consolation is that our exports become increasingly competitive abroad. It's expected that we can remain competitive as costs of production rise in other countries. But we'll have to work hard to maintain our share of markets, because other countries are now able to match us technologically, and there's no mistaking that they really know how to sell their products. I followed a fellow in traffic the other day who had a bumper sticker on his pickup truck — "BUY AMERICAN." He was driving a Toyota.

In Europe recently, and earlier while in Japan, I encountered repeated criticism of U.S. business for not trying hard enough to sell its products in new markets, and for not adapting its products to the special needs of other countries. This may be true in certain instances, but I have also spoken with American businessmen who have tried hard, and who have been met with arbitrary obstructions, restrictive government practices and complicated barriers to their products.

But an equally important reason why the Yankee Trader has a hard time functioning is because his own government is one of the few in the world that has a basically adversary relationship with its nation's business community. Our government penalizes Americans working abroad by unfair income tax policies. Regulation upon regulation drives up the price of our products, making them less competitive. In most parts of the world, the Yankee Trader has been overtaken by the French, German and Japanese Trader because the Yankee Trader carries a burden of unnecessary government regulations

and punitive taxes. One of our largest automobile companies employs 20,000 full-time employees to comply with government required paper work. This must be typical of others also.

While I am for free trade, I also vigorously support fair trade and equal treatment. Our own state of California, with a gross product that ranks it among the top industrialized nations of the world, finds itself frustrated when trying to market its agricultural products in some industrialized nations — and specifically in Western Europe and Japan. Citrus, rice, beef and other high-quality competitive products are among the best in the world, yet they cannot enter other countries under conditions that permit them to be sold to the foreign consumer.

It is easy to understand that nations wish to protect their key industries — and especially the politically sensitive ones. We have lived with this before, and we'll have to live with it in the future. There will always be exceptions to the rule of free trade. But we cannot tolerate gross discrimination against U.S. products abroad and still allow others virtually unrestricted access to our own markets. We must therefore make it repeatedly clear that reciprocity will be the governing feature of our policies. That seems to have been the basic thrust of the negotiating posture of the United States in Geneva over the past two Administrations.

And that's why we all must hope that the industrialized world can come to agreement on the terms of international trade. It cannot be a partisan matter, nor can it be handled in a narrow, parochial manner. If we cannot succeed in reaching a workable agreement, everyone will suffer, and the impact on those who can afford it least — the billions who live in the underdeveloped countries — will be the most severe of all.

Much of the dismay, criticism and dissatisfaction which we encounter seems to add up to an uneasy feeling that the American people have lost their national will. I think that this is not quite accurate. I travel about these United States a great deal and I sense, instead, a strong grassroots desire to reaffirm American leadership. Certainly at the polls the voters told us last month that they are sick and tired of government's excesses. In this context, I can tell

you that I was frankly amazed at the fascination that British and Europeans alike have with Proposition 13 and the wave of tax revolt that is sweeping the United States. While I had gone to Europe to ask questions of others, I found that business and government leaders were eager to learn of the implications of this movement for them and for their future. As you can imagine, I wasn't bashful about discussing it.

I'd like to turn now to a subject of great concern to all of us, and one which is certainly on the minds of our European allies — the military security of the West.

If you've visited Western Europe or Japan recently and paid a hotel bill, eaten a meal or done some shopping, your sense of *insecurity* will have been awakened. The dramatic drop in the value of the dollar has a sobering effect — matched only by an equally dramatic decline in confidence in the United States.

Our national security and the performance of our economy are inseparably linked and meeting with leaders in Europe and Asia has convinced me that the world wants desperately a *stable, confident, predictable America*.

We may feel from time to time that our friends abroad are altogether too critical of us, and we may resent that criticism. But, what they do know and appreciate is that the United States serves as the guarantor of the peace; that we provide the umbrella of security for them and for ourselves; and that our capabilities and our resolve are absolutely fundamental to their future.

Some 16 years ago, during the Cuban Missile Crisis, the United States enjoyed an enormous strategic advantage over the Soviet Union — about eight to one in our favor. That clear-cut superiority, coupled with our determination to remove Soviet intermediate range missiles from our doorstep, enabled us to achieve a satisfactory outcome.

Since that time, the Soviet Union, vowing never again to be caught in a position of such inferiority, embarked upon a no-holds-barred effort to catch up with us. By systematically outspending us in absolute terms, and by the steady development and deployment of an awesome array of weapons systems aimed at us, at Europe and at Asia, the Soviets have largely achieved their objectives.

While there remains a dispute as to

where they will go from here, there is no dispute about two fundamental points:

- (1) What the Soviets are doing in terms of weapons development exceeds by far any legitimate needs they may have for self-defense; and
- (2) If present trends continue, the United States will be assigned a role of permanent military inferiority vis-a-vis the Soviet Union.

The presence of tremendous Soviet military might on their borders has produced mixed reactions among Europeans, but all seem to share a sense of uneasiness over the implications for Europe's future. At the risk of oversimplification, I'd like to try to characterize the main streams of opinion as I found them.

One unmistakable current of opinion holds that recognition of the Soviet juggernaut is but a fact of life, and that the best one can do is to accommodate to such a reality, hoping that the Soviets will — once they have achieved what they consider to be strategic equality with the West — begin to devote more of their resources to domestic needs, thus reducing the chance of eventual conflict.

Another bloc of opinion recognizes Soviet might, fears that it will reach new levels, and urges arms control agreements and increased trade as a means to moderate and constrain Soviet ambitions.

A third school of thought believes that the Russians are pursuing a program to achieve clear-cut military superiority over the West. Once this is accomplished they will intimidate, "Finlandize," and ultimately neutralize Western Europe. Those holding this view believe the most effective response by the West is a reinvigoration of NATO and an explicit military deployment program designed to counter the Soviet threat. They do not exclude the possibility of reaching meaningful arms control agreements, but argue that such agreements must be balanced and must contain mutual advantages; they argue that a one-sided control agreement would be worthless.

This range of opinion, running from what I would characterize as "accommodationist" to realist, dominates European discussions about East-West relations and

national security. Much of Europe remembers World War II, but the younger generations have only vague or second-hand recollections of it. Europe has recovered — prosperity is everywhere — and people are primarily concerned about the quality of life, their work and their families.

But they must also deal with the reality of Soviet tanks just three hours' drive from West Germany's capital of Bonn; with the threat of the Soviet SS-20 missiles being deployed in increasing numbers and with a range to reach every city in Europe; and with the Soviet Backfire bomber, which has a capability of delivering nuclear weapons to any point on the continent.

And, Europe is very much aware that those tanks, SS-20 missiles and Backfire bombers are not covered by the SALT II agreement now being negotiated.

We do have the capability to neutralize this growing Soviet advantage, and in ways which will not only demonstrate our determination not to fall behind, but which will also result in a more secure Europe. European realists recognize this, and urge that the United States retain, at a minimum, its bargaining advantages in the cruise missile and neutron weapons.

But there are differences of opinion in Europe concerning how to achieve national objectives and Europeans will have to resolve those differences. We are not in a position (nor do we wish) to impose our will upon our allies. Our role must be to lead within NATO and to show ourselves as a determined and capable leader.

Thus, the first requisite for peace in Europe must be a genuine partnership — and that means common goals must be agreed upon, effective measures must be designed to achieve those goals and the alliance must work harmoniously.

Anything less will weaken the alliance structure and place our security at risk. That is unacceptable to Americans.

We must be certain that we do not send out conflicting signals. It is imperative that we stop our "on-again, off-again" contradictory policy declarations.

The present Administration, for example, first promised to increase our NATO expenditures by three percent in real terms and then let it be known that the commitment might not be honored because of the

demands of inflation. Then, faced with massive opposition from Europe and from those who are not afraid to speak out on the issue, it retreated by floating the rumor that it would honor the three percent commitment, but that the rest of the defense budget would be subject to substantial cuts. One really knows where the Administration stands.

Inflation, the Administration claims, is the culprit; it might properly have pointed the finger at itself, because there is but one cause of inflation, and that is government itself.

In the final analysis, then, we return to some common sense precepts to guide our affairs of state. This is not to say that the world is not complex and that its problems are basically simple; everyone knows that is not so.

But because such matters appear very complex and muddled does not mean that the solutions to them must be equally complex. Just as the American soldier stationed in Germany sees the value of his dollars erode as the level of confidence in his country declines, so also our national security — and with it the world's — depends on our ability to deter war, but then to fight and win any war not successfully deterred. Most Americans have no difficulty in perceiving that in order to achieve a sound national security we must be strong.

To deter war we and our allies must remain united and we must display a willingness to recognize the challenges which confront us. Those challenges are real; and while we may differ with one another here in America or abroad concerning how to meet them, we recognize that sound actions and responsible leadership are at the heart of the matter.

There may never come a day when we will see eye-to-eye on every affair of state, but we have a supreme duty to ensure that we are well informed about the challenges to our security, and an equally important duty to fight for sound, responsible measures that will ensure our survival and our growth — in conditions of freedom and dignity.

We are, it seems, a nation in transition. Polls show a majority of Americans wanting some kind of arms control agreement to ensure peace, while at the same time expressing concern about our falling behind the Soviets. That is not as contradictory as it at first may seem if we see it in

terms of a transition from what might be called national self-hatred, stemming from the Vietnam war, to the beginnings of restoration of self-confidence. And, we must have confidence in ourselves as a people before our allies in Europe and elsewhere will regain confidence in us as a nation.

But something has happened since that trip to Europe which makes regaining our self-confidence dependent on regaining our moral bearings and our sense of rightness about things.

Over the course of the last four weeks, the extent of the damage to the credibility and image of the United States caused by the Carter Administration's hasty and ill-timed recognition of the People's Republic of China is becoming clear.

In characterizing this sudden act as a betrayal of a long-time friend and ally, the Republic of China, I join the company of millions of Americans who place great value on loyalty, dependability and candor, especially with respect to one's solemn commitments. And even most of those who support the basic intent of the Carter move have recognized that our allies on Taiwan have been dealt a shabby, needless blow.

It need not have been this way. I firmly believe the President could have achieved the twin objectives of extending the hand of friendship to the people of the mainland of China, on the one hand, and upholding our commitments to our ally on Taiwan, on the other.

We all acknowledge that under our Constitution the President is empowered to extend or withdraw diplomatic recognition with respect to other nations. This will not be the first time that a President of the United States has made a damaging, erroneous or poorly-timed choice and it is up to him to bear the full consequences of his decision.

The Carter action may result in great damage to the 17 million people of Taiwan who wish to remain free from Communist domination. But this does not mean that we cannot limit the impact of that damage. In fact, the air becomes clear for a full-scale debate about our national priorities and our will to uphold with dignity and honor our position of leadership in the free world.

My travels abroad in the past year — to Asia, the Middle East and Europe — and my communications

from friends in all parts of the world have convinced me that the rest of the world desperately wants the United States restored to its rightful position of leadership.

The 96th Congress convenes next week and it has a long agenda of important items before it: a huge budget deficit, consideration of a complex trade agreement, a controversial SALT agreement, cruel inflation and a huge government apparatus with an insatiable appetite for money and power. But the issue of how we limit or even undo the damage which this Administration has wreaked upon the people of Taiwan may well turn out to be the litmus test of where the United States goes from here.

And, while no responsible leader would seek to turn the clock back 10 or 20 years when attempting to deal with the real world of the 1980s, I think I can safely say that the fundamental decency of the American people will be reflected by the actions of their elected Congressional representatives as they enact clear and concrete measures to assure Taiwan's safety and continued prosperity in conditions of freedom and independence — based on the incontrovertible right of self-determination.

If this Administration were really serious in its concern for human rights, it would not have consigned Taiwan's 17 million people to the rule of Communism — now or eventually. And, while the Administration bleats about human rights in a moralistic and highly selective manner, it totally ignores the dungeon which the People's Republic of China has become.

We are not blind to the stirrings and the changes taking place on the Chinese mainland. As leadership has changed, so have policies. But a single swallow does not make a full-blooming spring, and pious assurances of a Chinese intention to resolve peacefully what is now called the "reunification" of Taiwan cannot be allowed to blind us to the reality that Communism is a system which provides for no future political change.

Still less can we afford to make policy on the assumption that one man on the Chinese mainland — whose leadership, political support and longevity may be ephemeral — will be in charge for the next decade.

The dynamics of the past year in China have demonstrated that making predictions about events is, at best, a risky business. Only last week, in fact, that man — Teng Hsiao-ping — who a few weeks ago claimed the matter of Taiwan could wait a thousand years, said, "So far as I am personally concerned, my hope is that this goal can be reached *this year*. As far as my health is concerned, I can hope to live for about 10 years and that's too long for the Taiwan question."

If we do not now reaffirm our commitment to Taiwan's safety and security in an unmistakable declaration of intent, then what is to stop this Administration from unilaterally dissolving all our security treaties, including even the NATO treaty? In the light of Mr. Carter's apparent claim that he has the power to unilaterally abrogate treaties, the wisdom of testing in the courts his attempt to break our Taiwan mutual defense treaty is very clear. We await the outcome of that court test.

Bear in mind that the issue here is not greater friendship with the people of the mainland of China, and it is not one of attempting to wrest from the office of the Presidency what by law is its prerogative.

The issue is our policy toward Taiwan and the methods by which we discharge our responsibilities and keep our word. This is what troubles the American people and troubles our friends abroad. Have we become totally unreliable and capricious? Are we so completely disorganized, so bereft of strategic vision and the qualities of leadership, so lacking in common decency and morality, so motivated by the dictates of the moment that we can, in an instant and by the stroke of a pen, put 17 million people over the side and escape the consequences?

Along with millions of Americans — Republicans, Democrats, independents; liberals, moderates, conservatives; working men and women, small businessmen and big businessmen; Hawks, Doves and Neutralists — I again call upon this Administration to face up to the responsibilities which are America's to shoulder. I call for a detailed program of specific guarantees to our friends and allies on Taiwan; a long-range program with clear and unmistakable language; one which will earn and retain the support of the American people and which will help to restore the trust and

confidence of the world in an America which once again conducts itself in accordance with its own high ideals.

Since this Administration seems to have such difficulty in formulating specific programs, perhaps we can be of assistance by pointing to three principles which, at a minimum, must be incorporated in a specific program:

(1) A basis must be found for the continuation of government-to-government relations between the United States and Taiwan; unspecified "private" contacts are not adequate;

(2) Legislation must be enacted which specifically provides for the future sale of defensive arms and materiel to Taiwan. For this reason alone, it is essential to maintain government-to-government relations. Weapons sales cannot be left to "private" arrangements;

(3) Congress must take legislative steps which provide a sound basis for the continuation of the 59 other treaties and agreements which regulate our day-to-day business with Taiwan.

As for the 900 million people of the Chinese mainland — said to make up a quarter of the population of this globe — we can say to them we seek friendship, commerce and other mutually acceptable goals with you. We hope that the bonds of common interest will grow, and we will continue to hope that your system of government will evolve to provide you with the means of making political choices which will result in your determining your own destiny.

We wish to live in peace with you, and we shall not interfere in your affairs if you do not intervene in ours. We can help you to modernize and update your economy, and we will do so, consistent with our national security objectives.

But, when it comes to those 17 million people on Taiwan, we emphatically state that so long as they wish to retain their independence in the world; so long as they declare their unwillingness to be either "liberated" by you or unilaterally "reunited" with you — then, so long will they also have the specific and clear support of the United States of America.