Henry A. Kissinger Prize

HONORING

JAMES A. BAKER, III

Tuesday, October 7, 2014

The American Academy in Berlin
Hans Arnhold Center

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INTRODUCTION

I am pleased to share with you this special brochure commemorating the eighth annual Henry A. Kissinger Prize, which was presented to the Honorable James A. Baker, III, sixty-first US Secretary of State, on the evening of October 7, 2014. The award recognized Secretary Baker's exemplary contributions to German reunification, the peaceful resolution of the Cold War, and his central role in international negotiations following the fall of the Berlin Wall. "Secretary Baker is a trusted friend, a remarkable public servant, and a seminal US Secretary of State," Henry Kissinger said. "In a period of upheaval, when German reunification became possible, no one was confronted with a vaster array of challenges in so brief a period of time and handled them more masterfully."

We were honored to have the opportunity to recognize Secretary Baker's achievements over four decades of service in senior government positions—as Undersecretary of Commerce for President Gerald Ford; Secretary of the Treasury under Ronald Reagan; Secretary of State under George H.W. Bush; and senior counselor to President Bush during the organization of the worldwide 34-nation alliance for the first Gulf War. Baker's dedicated public service has been characterized by vision and pragmatism, and his principled, politically skillful approach aided his ability to devise solutions to the most difficult challenges of postwar history, foremost the collapse of the Soviet Union and NATO enlargement.

Laudations at the 2014 Henry A. Kissinger Prize, reprinted here in their entirety, were delivered by German Minister of Finance Wolfgang Schäuble; former Minister of Foreign Affairs and Vice Chancellor of Germany Hans-Dietrich Genscher; Secretary of State John Kerry; and by Henry Kissinger himself. Recalling the critical steps of 1989–90, Minister Schäuble recalled, "Unlike our European partners, the United States—as a superpower—was not afraid of a reunited Germany. Rather, it had the greatness to support us and to trust in us. For this, Germany cannot thank you enough."

In a moving tribute to his American counterpart, Hans-Dietrich Genscher offered this anecdote: "On the 9th of November, the very happy day when the Wall came down, I tried to thank my Western colleagues for their help and support, so I called James Baker. The operator of the Foreign Office in Bonn connected me with Baker, and before connecting us she said to him just three words: 'Mr. Secretary, God Bless America.' And today, twenty years later, I will repeat this to my friends, to Henry Kissinger, to James Baker, and to the American people: God Bless America." Minister Genscher's words appeared in all the major German papers the next morning.

Secretary Baker's acceptance remarks recognized the moral groundwork that made the political achievement of reunification possible: "None of this could have happened but for the indomitable spirit of the people of East Germany and those of the other captive nations of Eastern and Central Europe," he said. "Their undying yearning for freedom could not be indefinitely contained. They are the true heroes of this story, and they are a vivid reminder that freedom works."

We are grateful to the generous benefactors who underwrote the 2014 Henry A. Kissinger Prize: Bloomberg Philanthropies; the Honorable Mr. and Mrs. Hushang Ansary; the Honorable Edward P. and Mrs. Françoise Djerejian; the Robert Bosch GmbH; Goldman Sachs & Co.; the Honorable John F. W. Rogers; Unternehmensgruppe Tengelmann; Helga and Erivan Haub; and Nina von Maltzahn.

Gahl Hodges Burt

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LAUDATION BY
WOLFGANG SCHÄUBLE

James Baker needs a total of three people to give speeches in his honor. One person alone probably wouldn't manage to talk about all of Baker's achievements.

I'm probably the right person to pay tribute to his finance policies. Secretary of the Treasury James Baker: it's a stage of his career that sounds a little unfamiliar to most of us. But that was also a position held by James Baker, in the second half of the 1980s. And so I have recalled the fiscal policy challenges during that period.

I hope you will allow a serving Finance Minister to scrutinize the policies of the past with a view to learning lessons for the present.

I was interested to read that, although Baker was successful in his efforts to weaken the dollar at the time, he was not able to convert America's negative trade balance into a surplus.

That experience should be a lesson for those of our European partners who believe today that artificially weakening the euro through monetary policy would boost their weak exports.

As regards central bank policy, I hope I am not out of line when I describe James Baker as a pragmatist. It is no accident that one of his most famous quotes relates to members of the Bundesbank, which he described—with less affection than the German public generally feels for them—as seeing "inflation under every rock, every pebble."

It is interesting to note that James Baker had to deal with a debt crisis of his own during his time at the helm of the Treasury. That crisis related to over-indebted Latin American countries. It is also interesting to note that it was a prolonged process of trial and error, with a mix of debt rescheduling and fiscal and structural reforms, which defused the situation, at least.

What James Baker said at the time can be said of today's euro crisis as well: "We must not deceive ourselves. There are no easy solutions, and none of us can escape our responsibilities." I wish that certain people in Europe would take that lesson on board.

As Secretary of State—and I hope that I'm not preempting Hans-Dietrich Genscher here, but that is the advantage of speaking first—as Secretary of State, a position he took on in January 1989, James Baker wanted to take advantage of the opportunities that he saw for a far-reaching détente in East-West relations.

Indeed, in the period before November 1989, the Americans were way ahead of us Europeans in their perception and analysis of the global political changes that were on the horizon and that were already beginning to happen, mainly as a result of Gorbachev's policies.

I will never forget the time when Vernon Walters, the new US ambassador to Germany, introduced himself to me. It was the end of April, start of May 1989, and I had just been appointed Interior Minister.

Walters predicted that German reunification would happen during his term in office. I diplomatically asked him how long he would be in Germany for. He told me three years. At the time, I thought it was a bold statement, to say the least. But, in the end, everything happened even faster than that.

James Baker visited East Germany in December 1989. He met Hans Modrow, the last Prime Minister of East Germany who was not democratically elected, in the "Interhotel" in Potsdam. James Baker was the first and last US Secretary of State to set foot in the GDR. He would later recall the following amusing incident: while he was talking to Modrow, a man suddenly came into the room. He looked like Egon Krenz, who had just stepped down as General Secretary of the East German Communist party and East German head of state. James Baker thought to himself, now there's going to be trouble. But then the man asked him if he would like some mineral water. He was just the waiter.

I first met James Baker in Washington on the twentieth of February 1990, during my time as German Interior Minister. I was visiting New York for a special session of the UN General Assembly on drugs. I combined this with talks in Washington, which were originally supposed to also focus on the issue of drugs. But the people I met were mainly interested in the current situation in Germany.

James Baker asked me what we would do about the Oder-Neisse line in the event of reunification. I told him that we could only comment on borders if and when reunification actually happened.

But I added that there was absolutely no doubt that we would issue a clear guarantee regarding the existing border.

James Baker even asked me about Article 23 of the Basic Law, the German constitution. That's how well informed he

was. I answered by saying that the article would be repealed. I gave him the following explanation: if we kept open the option for additional areas to join the territory covered by Germany's Basic Law, it would contradict the desire to use German reunification to create the conditions for lasting peace in Europe.

That satisfied James Baker, as he told me at the time.

My colleagues in Bonn, however, were instead quite alarmed with the comments I had made—comments that were made in the context of my discussion with James Baker and which were actually totally sensible and realistic.

In any case, I was probably the first member of the German government to announce that the border would be guaranteed in the constitution. A few months later, we did exactly that, with the Unification Treaty.

It is also a historical fact that, at the time, the Americans were the only ones, apart from Felipe González, who supported the move towards reunification without reservation: George H.W. Bush, James Baker—and particularly Condoleezza Rice, in the Two Plus Four Talks.

Unlike our European partners, the US—as a superpower—was not afraid of a reunited Germany. Rather, it had the greatness to support us and to trust in us. For this, Germany cannot thank you enough—and I would like to take this opportunity to do it again: thank you!

The Henry A. Kissinger Prize, which James Baker is receiving today, is awarded for contributions to transatlantic relations. For my generation, the strong relationship between Germany and the US is deeply rooted.

I have always trusted the US. How could it be otherwise, after all the positive experiences we had with our American partners and friends when Germany was divided? After the Berlin Airlift, the Berlin crises, and the fall of the Berlin Wall? That is stronger than certain more recent sources of friction.

And today, in the face of new, common threats, Europe and the US stand united. The Western world's response to the challenges presented by the current Russian government and by the Islamic State is more concerted and more decisive than we have seen for a long time.

James Baker has a gift for forging alliances. His virtuoso performance in 1990 and 1991, when he managed to unite the West and most of the Middle East in a coalition against Saddam Hussein's illegal annexation of Kuwait, can be seen as a practical and diplomatic refutation of the so-called "Clash of Civilizations"—before Samuel Huntington even proposed the theory, in 1996.

This achievement remains an example to this day. The current American government achieved something similar in the fight against the Islamic State.

The decades of James Baker's political career are a testament to his tireless efforts to counter the world's crises and conflicts: from the Baker Plan to relieve Third World debt to his Middle East peace mission in 1991 and his efforts as special United Nations envoy for Western Sahara around the turn of the millennium, to his work as the Republican co-chair of the Iraq Study Group in the year 2006, tasked with assessing America's policy toward Iraq.

Years ago, a German newspaper referred to him as a one-man rapid response team against political crises. And in the current debate about the USA's strategy against the Islamic State, James Baker is as much of a presence as ever before.

James Baker once said something about fiscal policy that I believe to be true of policymaking in general. He said: "Almost every achievement contains within its success the seeds of a future problem." It's a true—if worrying—insight.

On the other hand, it is just a variation on the Christian realization that humans cannot achieve ultimate justice in this world. And Albert Camus showed us that we should think of Sisyphus as a happy man: although his task is never-ending, at least he has a task, and it is his own.

James Baker never gives up looking for achievements that contain as few seeds of future problems as possible.

A shining, inspiring example indeed!

LAUDATION BY
HANS-DIETRICH GENSCHER

Dear Friends, Henry, and James,

The Henry Kissinger Prize is being awarded to James Baker in Berlin 25 years after the fall of the Berlin Wall. I think it would be hard to select a date more symbolic than this date. Twenty-five years—that means remembering what happened at a very hard time for Germany. And we can say now that James Baker and Henry Kissinger again and again were involved in German questions. Henry Kissinger, not because of the place of his birth but in his capacity as Foreign Secretary, and the same is true for James Baker. They were always involved in supporting German unity.

Kissinger's place of birth was always involving him and encouraging him. But when I met him for the first time as Foreign Secretary, I had on my agenda two issues, a European one and a German one. The European one was very complicated, because at that time I was chairman of the Community Council of Ministers and had the task to convince my American colleague that the Europe–Arab dialogue is a wonderful thing; it would change the world for the better. Unfortunately, Henry Kissinger had some doubts, and he was very open giving his assessment about this dialogue, and he was right.

Then we came to the German issue. Germany's issue was more significant and more crucial. It was all about the wording of the Final Act of Helsinki, the purpose of which was to strengthen the principle of inviolability of borders. German foreign policy supported this principle, of course, but it could be taken to make the borders doubtful—that means to exclude peaceful change, too—and that was the reason we insisted that in the Final Act the possibility of peaceful change should be included. I could convince Henry Kissinger, and he asked me to give a wording, and he committed himself that the American delegation would support our proposal. I said thank you very much, Mr. Secretary, for your support, but I think it would be more impressive if the Americans would present the wording, and Germany would support you. He agreed, and really in the final round of negotiations we were in the position to include the peaceful change in the Final Act. In 1989–1990, it would be clear how important it was.

We, of course, had this political goal, but it was also the part of the obligations we had from our constitution in the preamble, which said we had to fulfill German unification.

I have today to thank, in particular, James Baker, for the way he was on our side from the beginning. We owe this gratitude also to President Bush, who, from the beginning, was on our side, which made it easier to overcome some concerns that had taken place in the heads of some of our friends, real friends and other friends, here in Germany.

Unfortunately, when James Baker came into office, to remark to my friend Schäuble, I met him also as Secretary of Finance. This was a very happy day for him, because a first bank note with his signature was circulated that day in Washington, and he gave me a note with his signature. I was very grateful and said that normally I would not accept money from colleagues, but on this occasion, I would do that.

When he came in as Foreign Minister, the situation was more complicated. At that time we were discussing in NATO the question of modernization of short-range missiles. It was an issue which brought up the famous Prime Minister of Britain. She insisted that a decision should be taken at the spring meeting in May 1989, but it was necessary already at 1984–1985—but she insisted it should take place in '89.

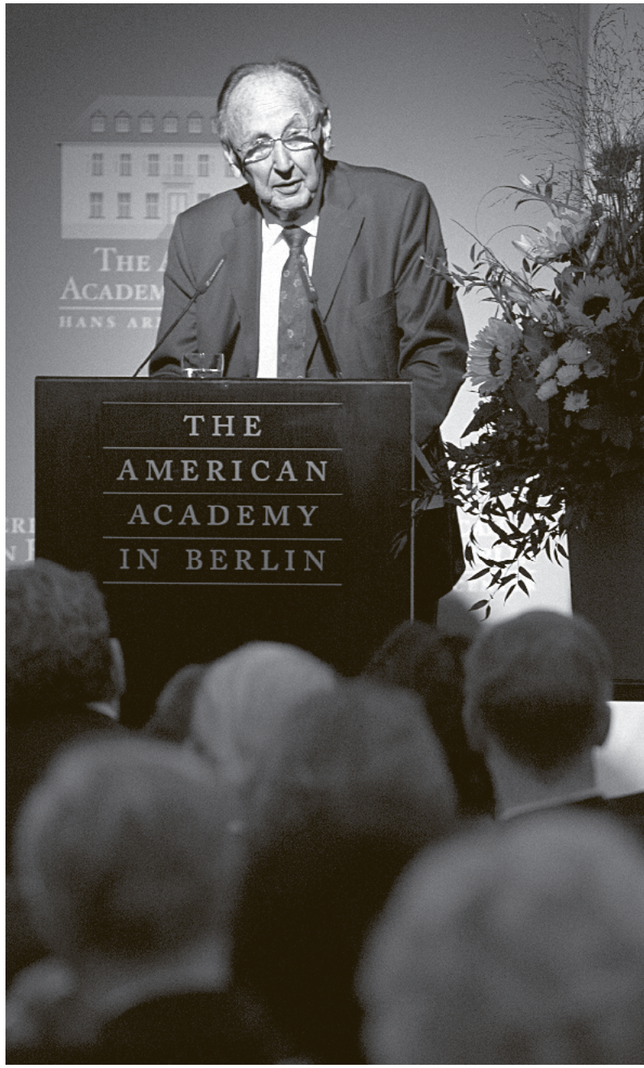
I had my doubts, but unfortunately my doubts were not shared by all members of our government—to put it that way. This was well known in Washington, so my first meeting with the Foreign Minister, the new Secretary of State, whom I met already some years ago when he was in the White House, and then, as I mentioned before, as Minister of Finance now, we were discussing this question, and then we had the meeting of NATO summit in May '89 in Brussels. Helmut Kohl, our chancellor, proposed that the foreign ministers should serve in the program.

This was not discussed between us, but I accepted. Then I had to deal with James Baker, and we were happy to find a compromise to say that we would do it later, and this was right, because I was convinced, I was very happy with this outcome of the decision, and from this date we had a new personal relationship, a relationship which was more than friendship, a relationship that proved to be a strong pillar for German-American relations in very crucial times during the years 1989–90.

And Jim, you should know that I will never forget how I could rely on this support, all among the circle of Foreign Ministers in the NATO Council. But what is more important is that our relationship was obvious also to our colleague, Eduard Shevardnadze. Even more, he was impressed how we worked together, and sometimes I had the impression he would prefer to work with us and not with some members of his politico at home. So it was not by chance the occasion of his funeral some months ago we, James Baker and I, were the only Western political representatives who came to give honor to our colleague and to thank him for that what he did—and what was courageous, was far-seeing, and seems it was he whom we met first as Foreign Minister of a socialist country and who became our personal friend. We never will forget this; and this shows how close James Baker and I worked together.

Ladies and Gentlemen, on the ninth of November, the very happy day when the Wall came down, I tried to thank my Western colleagues for their help and support, so I called James Baker. The operator of the Foreign Office in Bonn connected me with Baker, and before connecting us she said to him just three words: "Mr. Secretary, God Bless America." And today, twenty years later, I will repeat this to my friends, to Henry Kissinger, to James Baker, and to the American people: God Bless America.

Thank you very much.



LAUDATION BY
HENRY A. KISSINGER

James and Dietrich, welcome.
Ladies and Gentlemen,

I use the first names because we have gone through decades of common efforts together, and when we meet, we talk like veterans of the Thirty Years' War, exchanging significant experiences. And while it is said that all the people tend to lose some of their memory—my stories get better with every passing year.

It is very important to me to be able to deliver this speech, about my friend James Baker. Not only because he too speaks with an accent but because he has belonged to the permanent establishment of the United States, who established the bonds of friendship with Germany and with Europe, whom one could always count on in critical periods, on whom every President relies in one way or another, if only because they know he is a failsafe recourse.

When this cooperation between America and Europe started, no one could expect that we would reach a point where Germany had been unified for 25 years, and the American Academy is also 20 years old.

After four decades of common effort, the vision that sustained the leaders that are here has been vindicated, and Jim Baker played a major role, indispensable role. When one asks oneself what is the role of a great leader, I would say it must have a number of attributes:

One, he has to be able to understand the nature of the situation he's confronting.

Secondly, he has to be able to define objectives that operate in a given margin. If the objectives are too narrow, the society stagnates, if the objectives are too excessive, the society tears itself apart. So to choose these objectives and to be able to define both their limits but also their range is of crucial consequence.

Bush and Baker ... did not rush to Berlin to celebrate the humiliation of the Soviet Union but rather put themselves behind a realistic program for the unification of Germany.

Then, a leader has to be able to define the tactical means by which to reach these objectives. The difference between a political leader and an academic is that the political leader has only one chance. The academic can write another book. The political leader's decisions are usually irretrievable.

And then, the political leader in foreign policy has to understand the nature of the adversary, what to resist, but also what to conciliate and, therefore, to preserve.

James Baker has met all these requirements in an extraordinary way.

If you look at the agenda of the Bush Administration at the beginning of 1989: they faced a crisis in China as a result of Tiananmen Square. They faced a crisis in the Middle East as a result of the invasion of Kuwait. They saw the collapse of the Wall, the unification of Germany, and then the disintegration of the Soviet Union. Out of all these elements, they had to distil some concept of order, and there were certain, basic principles that they followed.

What happened in China was offensive to American democratic values, but they also understood that the relationship between China and the United States will be of permanent consequence for the peace and progress of the world, and, therefore, they chose the road that met both of these requirements and evolved a new relationship.

When Iraq invaded Kuwait, the issue as it was perceived by Bush and Baker was not the direct threat to the United States, which was very remote. It was the defense of the principle that national territories and the existence of states should not be based on the assertion of raw power. And they also understood that this principle should not be executed by America alone, though, if necessary, I'm convinced they would have done that too, but they spent months of effort of building a consensus, an alliance of the willing, that defeated the aggression, and also they had the courage to stop when they had achieved their political objective and moved toward a political solution.

So this, therefore, when the Wall came down, and the issue of the future of Europe and of Germany again arose, they followed this fundamental principle: that their job was not only to celebrate the success but to build an international order that could be sustained. One of the major achievements of Bush and Baker—and I list them together because they were so close—the major achievement was that they avoided any triumphalism, that they did not rush to Berlin to celebrate the humiliation of the Soviet Union but rather put themselves behind a realistic program for the unification of Germany they helped bring about. Of course, under the guidance and leadership of German leaders who are assembled here, and of Helmut Kohl, who cannot be here, they brought about a situation in which an axiom of the Cold War disappeared, namely that rapid unification of Germany would lead to an international crisis that would have an unbearable risk of war. Unification of Germany was achieved with the concurrence of the Soviet Union due to the courage of German leaders, but also to the skill and diplomacy of James Baker.

When Jim was made Secretary of State, he appointed a close associate and friend, Larry Eagleburger, as his political undersecretary, and he asked me about what advice I could give him. And I said, "Knowing you, you will tell your opinion to Baker in the dramatic way that is your character, but once Baker has defined an objective, my advice to you is never get between Baker and an objective." It was this quality of the ability to understand the essence of a situation, to marshal the forces that were needed to overcome it, and then to find a framework that would permit a new system in which the former adversary could participate as a partner. And that was the essence of the policy, in my view, which, on the American side, under Jim Baker's guidance, led to the unification of Germany, the emergence of the European Union, and then, beyond anybody's original expectations, extended itself to the collapse of the Soviet Union. In which, again, triumphalism was avoided, principles were maintained, and long-range conciliation emerged.

In addition to these achievements in Europe, Jim Baker was the father of the Madrid Conference, which remains the most comprehensive forum for the solution of the Middle East problem, and out of which a number of accords between Israel and the Palestinians emerged, as well as a framework that unfortunately has not been able to be fulfilled because of the mutual suspicion of the parties.

Now, 25 years later, the crisis has moved east, and what was an issue along the Elbe has moved deep into what was at that time the Soviet Union, and I would argue that some of the principles that Jim Baker represented apply to this crisis too. The principle that the borders of states should remain inviolate is a crucial principle of Western powers. But there is also the idea that in a world in which one sees the rise of Asia, the emergence of state terrorism, and ungovernable regions in the Middle East and elsewhere, in such a world one should not forego the possibility of a cooperative relationship with Russia. And so both of these objectives are tasks in which the principles I have enunciated that James Baker pursued in his life, that he represents within the United States, apply with particular force.

The principle that the borders of states should remain inviolate is a crucial principle of Western powers.

So I want to thank the organizers for giving me the opportunity to express my admiration and affection for a man who comes from, I would say, not an identical background as mine, with whom I have formed a close relationship because of his reliability, decency, and inner strength, and I am proud that he is associated with my name. I want to thank, if I may, as somebody who went through the battles with you all, I want to thank Wolfgang and Hans-Dietrich for the tribute you have paid him, because it shows that the dream that started the Atlantic relationship is becoming more and more valid.

In 1961, a lifetime ago, I met President Truman, and I asked him what he had done of which he was most proud, and he said, "I'm most proud that we totally defeated our enemies and then we brought them back to the community of nations as equals." I am proud that Americans were involved in this, but I am proud of all the people here who have been involved in this. This meeting is a tribute to the years of effort and of the years of challenges that lie ahead of us.

Thank you very much.

REMARKS BY JOHN KERRY

Guten Abend. Good evening everybody.

Even by long distance it is a great pleasure and a privilege to congratulate my friend James Baker for receiving this year's Kissinger Prize.

You know, there honestly isn't any better way to honor Jim Baker than a prize named after the Secretary of State who literally wrote the book on diplomacy. Dr. Henry Kissinger is a son of both America and Germany, and during his extraordinary career in government, Henry helped bring West Germany's economy back to life and kept the threat of communism at bay. Years after he left office, his leadership still leaves an imprint on policymakers today, and I enjoy my conversations with him enormously.

Germany's transformation just in the timespan of our own lives is extraordinary. I lived there as a kid before the Berlin Wall went up and decades before all Germans were free. And I used to travel on the trains and peek through the blinds at night to watch the Russian soldiers in the stations as we passed through. And, of course, we all know that the Germany I knew as a child changed in the blink of an eye when the Wall came down. That very moment, Secretary of State Jim Baker was hosting a luncheon at the State Department, and when an assistant passed him a note with the news he read it aloud, raised his glass, and proposed a toast to the extraordinary moment and extraordinary Germans who had pried open the jaws of communism. But Jim's work was just beginning. The communist regime and Moscow collapsed so quickly that we needed an incredibly steady hand at the tiller—and Jim was that steady hand.

In the pivotal weeks and months that followed, he shuttled from capital to capital to rally support for a unified Germany. He reassured leaders. He negotiated differences and he worked hand in hand with other Kissinger Prize awardees, President George H. W. Bush and Dr. Helmut Kohl, in order to midwife a reunited Germany into NATO.

Twenty-five years later we only have to look at recent events in Ukraine and our work to combat ISIL in Syria in Iraq in order to understand how genuinely important a unified Europe and a strong Germany are to global stability and peace today.

I had a front row seat in the U.S. Senate to watch and appreciate the scope and scale of what Jim Baker did as Secretary of State. This is the guy who made the lonely decision to plunge headlong into the Middle East peace process at a time when there was very little support for it. And, of course, to this day his 60 trips around the world to the Middle East, to Asia, to Europe to assemble the coalition to confront Saddam Hussein ahead of Operation Desert Storm. That is still the gold standard by which modern coalition-building will be judged. These are just a few things that James Baker did as Secretary.

And, perhaps just as important is the work he has done since he left Foggy Bottom. He's been a distinct statesman, and I saw it on the issue he spoke out on the new START Treaty, on the issue of non-proliferation, but also on Afghanistan, Iraq, and a whole number of issues.

Let me just say to all of you: if you are having a foreign policy debate, you want Jim Baker on your side.

So, Jim, congratulations on an extraordinarily well deserved award. I am very grateful for your friendship, and I join with all of you this evening in thanking Jim Baker for his superb service to our country as Secretary of State and as elder statesman.

Thank you, sir.

ACCEPTANCE REMARKS* BY

JAMES A. BAKER, III

I am greatly honored that the American Academy of Berlin has given me this award named after someone I consider to be the best diplomat of my generation.

I have always referred to Henry Kissinger as the icon of American foreign policy. When Henry says something about international relations, I always listen very closely, because he is a brilliant strategic thinker.

In recent years, he has also become a very close friend.

You can say that he has been a role model for me. I organized the State Department along the same lines that he did. And I even went so far as to hire Lawrence Eagleburger, who had been Henry's right-hand man, to be my Deputy Secretary of State.

I also want to thank John Kerry for his kind words. Secretary Kerry and I are on the opposite side of the political divide in the United States. I nevertheless greatly admire him for being willing to take on the tough issues. No Secretary of State can succeed unless he is willing to fail. And Secretary Kerry doesn't hesitate to take on the difficult tasks.

What occurred in this country a quarter-century ago was epic. Europe and the world changed with the crumbling of one barrier.

There was no one with whom I worked more closely on the reunification of the two Germanys than Hans-Dietrich Genscher. By the time I was Secretary of State, I had great respect for his intelligence, his leadership skills, and his ability to get things done. Hans-Dietrich and Helmut Kohl were, of course, from different political parties. But they worked together to reunite Germany. All Germans were rewarded by their close cooperation and effective commitment to the goal of unification.

Thank you, Hans-Dietrich, for your kind remarks tonight, for being a terrific negotiating partner, and for being a trusted friend.

Finally, I want to recognize Wolfgang Schäuble, who has provided a lifetime of service to his country. A strong representative of Germany, he is the most consequential of finance ministers in Europe and a committed transatlanticist. I particularly appreciate Wolfgang's candor. Frankly, I wish that more of the leaders in my country were as concerned about our debt burden as Wolfgang is about that in his country.

Ladies and gentlemen, I am doubly honored to receive this award on the twenty-fifth anniversary of the fall of the Berlin Wall and the end of the Cold War.

What occurred in this country a quarter-century ago was epic. Europe and the world changed with the crumbling of one barrier.

** As prepared for delivery*

James A. Baker, III, Henry A. Kissinger, Gahl Hodges Burt, Gary Smith, A. Michael Hoffman

Less than eleven months later, East and West came together as a united Germany and member state of the North Atlantic Treaty Organization. Since then, the bells of freedom have tolled across Eastern and Central Europe.

None of this could have happened without the forthright leadership of Helmut Kohl, George H.W. Bush, Mikhail Gorbachev, Margaret Thatcher, and Francoise Mitterrand. They set aside their differences and put back together a country that had been torn apart by war 45 years earlier.

None of this could have happened but for the indomitable spirit of the people of East Germany and those of the other captive nations of Eastern and Central Europe.

As a result, the Cold War ended with a whimper rather than the nuclear bang we had feared for so long.

And, of course, none of this could have happened either but for the indomitable spirit of the people of East Germany and those of the other captive nations of Eastern and Central Europe. Their undying yearning for freedom could not be indefinitely contained.

They are the true heroes of this story, and they are a vivid reminder that freedom works.

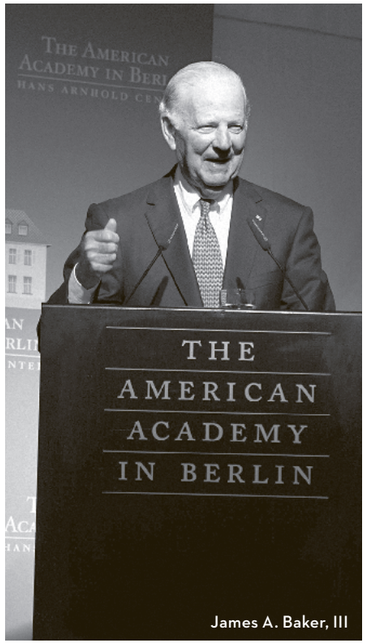
Thank you.

Hans-Michael Giesen, Peter Wittig, Gahl Hodges Burt, Almut Giesen, Pauline Yu

Hans-Dietich Genscher, Eva Köhler, Horst Köhler

Josef Joffe

Members of the Curtis Institute of Music

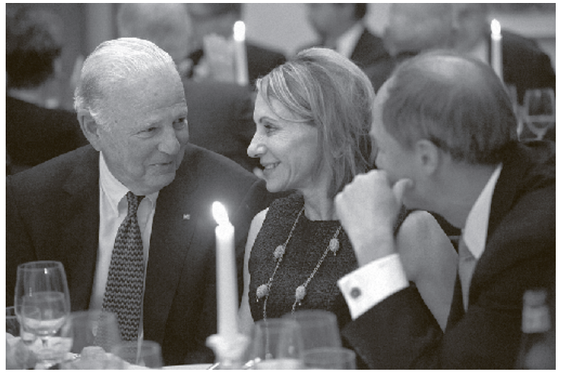


James A. Baker, III

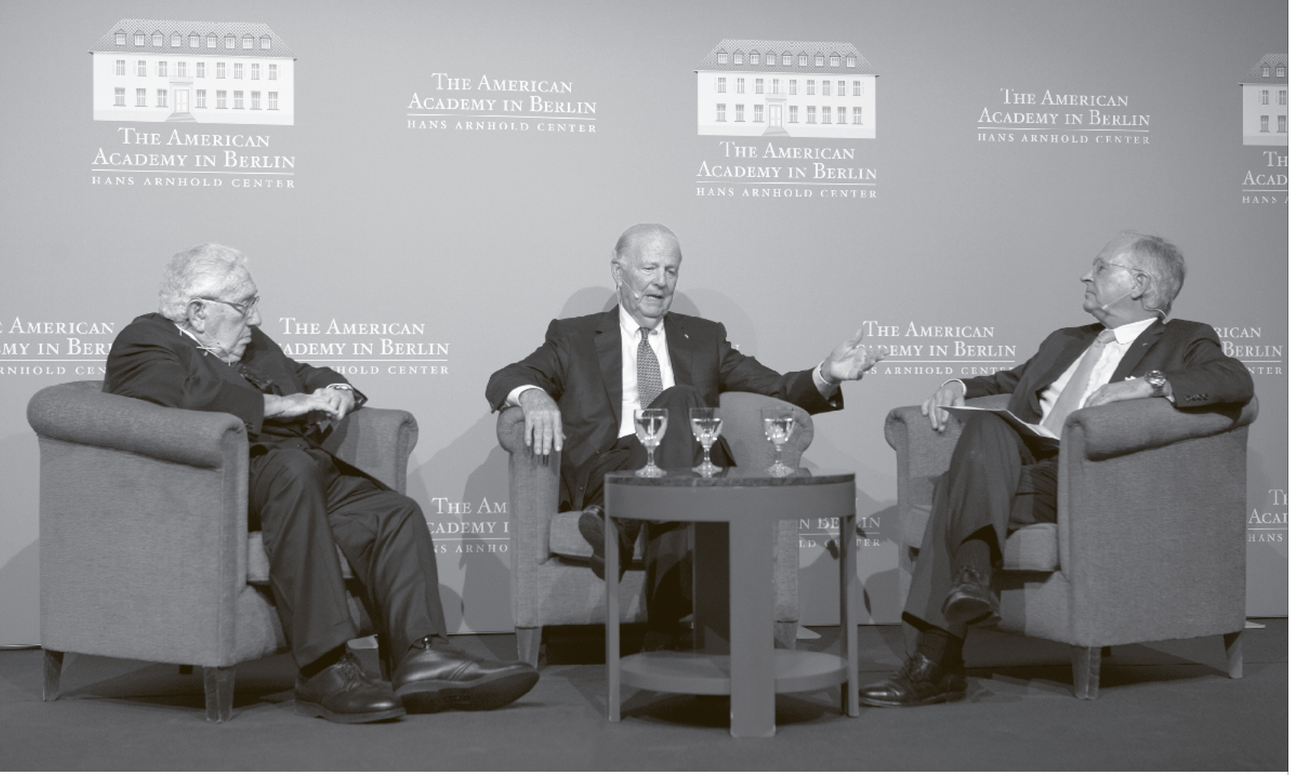
Roger Cohen, Mathias Döpfner, Nina von Maltzahn, Andrew Gundlach, Thomas de Maizière, Jutta Ischinger

Hushang Ansary, Edward Djerejian

Hans-Dietrich Genscher, Henry A. Kissinger



James A. Baker, III, Kimberly Emerson, John B. Emerson



EXCERPTS FROM A DISCUSSION BETWEEN
HENRY A. KISSINGER & JAMES A. BAKER, III

Moderated by **WOLFGANG F. ISCHINGER**

WOLFGANG ISCHINGER (WI) Well, I really feel privileged. Let me start by asking a question of both of you, and I should start with the awardee of the prize, so this goes to Secretary Baker, first, and then to you, Henry.

I mean, you were talking about the Thirty Years' War, the happy days of the wonderful success of German unification, and the other success stories. As we look at where we are today, it doesn't look like happy days. We face multiple crises with Russia, in the Middle East; the relationship between China and Japan raises difficult questions. And while we face all these crises, our transatlantic relationship has, let's admit, suffered because of the Snowden revelations, the NSA scandal; we're not in good shape. How are we supposed to move forward together? Even TTIP, the Transatlantic Trade and Investment Partnership, appears to be at risk, in a way. How are we to move forward together if you, Secretary Baker, were in charge today? Where would you want to take us?

JAMES BAKER, III (JB) Well, the first thing I would like to see us do is agree on the Transatlantic Trade and Investment Partnership. That's going to mean a lot to countries on both sides of the Atlantic, and it's an extremely important thing. Having said that, I negotiated the US-Canada free-trade agreement back in the 1980s, which was the forerunner of NAFTA, and free-trade agreements are always extraordinarily tough to achieve because you create greater economic growth for people generally. You create jobs that way, but there are always some industries or elements that get gored in the process, and they are pretty good at demagogueing against the free-trade agreement. That's one of the most important things we have on the agenda, in my view.

With respect to the state of the transatlantic relationship, I've seen it worse. I think it wasn't worse in my day, but I've seen it worse. It is so important from both from an economic and security standpoint, to the United States and to Germany and our other European partners, that it's something we constantly have to work at, and I think that we will. As I say, I remember the situation back in 2003, when the United States was about to go into Iraq, and there was a real rupture in the relationship. We've come away since then. We've got some problems, but there are so many things that we've done together throughout the period of history since the end of the Second World War that I think we're going to be able to patch that up and make it work well again. I don't feel too pessimistic about that.

Yes, there are a lot of problems out there in the world, but I want to tell you something: there are always problems out there in the world, and no Secretary of State that I've ever known had the luxury of not having an inbox that was really very full. So I think that we will manage. We will manage provided we take care of and cure the transatlantic relationship. It's extraordinarily important.

WI Dr. Kissinger, Henry, before you respond to this let me try to plug your book a little bit: *World Order*. One other trustee of the Academy here, Roger Cohen, published a piece a few days ago with the title of "The Great Unravelling," which has received a lot of attention. So, are things really falling apart? Is world order unsustainable? What about the future of stability and order in Europe, in the Middle East, in East Asia, or are we exaggerating, are things not as bad as they appear to be? Have we gone, as you just said, have we gone through a worse experience before?

HENRY KISSINGER (HK) Well, as Jim pointed out, crises are endemic in the international situation. What gives the current world its particular character is that, for the first time, every region of the world is connected with every other region, and, therefore, upheavals in one region, even if they're caused by essentially locally issues, have a multiplier-effect elsewhere.

So, the leaders of this period have to deal simultaneously with a whole host of problems under pressure from the Internet and the media, which oblige them to give quick answers to what are very often historic problems.

On the other hand, some kind of order will have to emerge, if only through the exhaustion of all the combatants. The art of statesmanship now is to help create this by means other than the total exhaustion of the combatants. The pressure on leaders today makes them often more concerned with tactical than with historic issues. I have pointed out, say, in the US-Chinese relationship, both leaders have affirmed many times they want to establish a pattern of how potential adversaries can work together, but it has not yet been possible to find big programs to express this, as was done in the Marshall Plan era.

So I would say, with respect to the transatlantic relationship: it would help if the leaders sat down to see whether they can come to a common definition of what the problems are they want to solve, rather than what moves are necessary tomorrow. And if they really built that into their dialogue, then out of this could emerge the answer to three questions: What is it we must try to achieve if necessary alone; what should be achieved only with allies; and what shouldn't we try at all, because it's beyond doubt and capacity.

I think it must be done. Immanuel Kant, who wrote not too far from here, once said—and I don't know whether he used the term "world order"—but he said that world order will emerge, either through catastrophe or through insight. And I bet on insight.

JB You know, you listed a catalogue of problems today and, yes, they are all out there, but none of those represent the same degree of existential threat to all of us in the West as we lived through for 40 years during the Cold War. Now, nobody should get nostalgic for the Cold War. But the truth of the matter is that it was a lot tougher then, in my view. I mean, we're going to do fine, and I think we're all, everybody's united against the kind of terror that ISIS represents. I think there's room today for putting together a coalition of countries from all over the world. I don't know any country in the world that doesn't oppose ISIS and oppose what they're doing.

So I think there is ... well, I'm just not as pessimistic as a lot of people are. Yes, there are a lot of problems out there, but it pales in comparison to the Cold War.

WI Thank you, Mr. Secretary. I think we are all delighted to hear something more than just pessimistic assessments of where we're going, but I need to ask you a question not about the future, but about the past. When you look at the German media situation today, in this deteriorated situation with Russia, because of the Ukrainian crisis, the claim that in 1990 promises were made by the West, by the United States, by you, continue to float around—and it's poisonous. So I think you might want to explain to this group what happened.

JB I'm really glad you asked that question, because it's pure baloney; it's simply not true. I know it's in the ether out there, but let me tell you exactly

what happened—and Hans-Dietrich Genscher will be my witness, because he knows, he was there.

When we first started talking about German unification with the Soviets, we threw out there as a "what if": what, in terms of NATO membership, or in terms, actually, of agreeing to German unification. We said "what if" we were to agree that NATO's jurisdiction would not be extended eastward? Three days later, well, nobody picked up on that. President Gorbachev didn't say, "Fine, we'll do it. We'll take that and put it in our bank." Three days later, the United States changed its policy, and we did so publicly, and there was never one complaint from the Soviet Union. Why did we change our policy? Because it didn't make sense to have half of a country in NATO and the other half out of NATO—and so it wasn't a workable solution. Never once did the Soviets complain.

President Gorbachev came to the White House, and President Bush asked him this question: Do you think that a country should have the right to choose the alliance to which it wants to belong? And Gorbachev said yes. So the obvious answer to that is, well, Germany can choose which one. Well, Germany chose NATO.

There were a number of subsequent meetings between Gorbachev and Helmut Kohl, Gorbachev and George Bush, where nothing was ever said. And then we had a treaty that the Soviets signed that actually permitted the unification of Germany as a member of the North Atlantic Treaty Organization, with one caveat that there would not be, for a period of time—I don't know whether it was three years or something—no forces other than the Bundeswehr on the territory of the GDR.

You don't sign an agreement that you think is going to guarantee you against an easterly expansion of NATO that says the very opposite thing. Furthermore, there was a meeting between Helmut Kohl and Gorbachev—well, first of all, let me back up. In May of '90 President Gorbachev came to the White House, and President Bush asked him this question: Do you think that a country should have the right to choose the alliance to which it wants to belong? And Gorbachev said yes. So the obvious answer to that is, well, Germany can choose which one. Well, Germany chose NATO.

After that, there was a meeting between Gorbachev and Kohl in which you Germans ponied up $55 billion to the Soviets, and there was never one thing said, ever, or no Russian Soviet ever asked for any documentation to sustain this so-called promise. There was no promise, it was put out there as a hypothetical at the very beginning of the negotiations, they never picked up on it and it wasn't a part of the final treaty, which they signed. So how can they now say there was a promise?

WI Thank you. I hope that settles the matter, and I hope the members of the press have written this down, so we can get rid of this myth.

JB It's phony.

WI Thank you very much. I think we have another five or seven minutes. May I go back to you, Henry? You said 20 minutes ago that it would be desirable, given the circumstances, the challenges ahead, to try to have and build a cooperative relationship with Russia. Yes, I think everybody, I imagine, in this audience will agree, but what if Russia does not want a cooperative relationship? And let me add a second question to this, given the fact that you have not only written about world order you wrote about China not so long ago. Is Russia, in your estimation, a problem of the past and China the problem of the future? How should we Europeans think about the big challenges ahead?

HK Let me reply to your previous ... make one point about the previous question. The only reason I had not read Roger Cohen's article is because I was travelling; I normally would be familiar with it. With respect to your question of ... would you restate it?

WI Well, the question is what do we do if Russia ...

HK What do we do if Russia doesn't want to cooperate.

WI If Russia refuses to enter.

HK Well, then we have to resist. Then we are in another difficult Cold War period, and it cannot go on that there are military moves, that Russia backs its policy by military moves into neighboring countries. I believe—well, it doesn't matter what I predict. I think we owe it to ourselves to ask ourselves how a cooperative relationship with Russia might evolve, and to conduct the Ukraine policy in such a way that it protects the borders of Ukraine and leaves it open for a partnership with Russia. For this, I believe it is important that especially the United States conduct some sort of dialogue with Russia.

If that fails there is no doubt that we should maintain the principles that we have maintained before. It would be unfortunate for the West and for Russia, and so I would think we have to pursue both policies simultaneously and not sacrifice one to the other. I believe it is possible. If I turn out to be wrong, then we will defend our friends. But we should not lose sight of the importance of making sure that we have explored the possibilities of cooperation.

Now, the problems between China and the United States, as compared to the problems of Russia: China meets every definition of a rising country, and it is the nature of rising countries that they will step on the toes of established countries, which is a definition of rising. The challenge in the Chinese-American relationship is whether it is possible for each side to define their interests in such a manner that they can be pursued by peaceful competition. Again, we oppose hegemony as a matter of principle. And China attempts to keep us as far from their borders as they can. Is it possible that both of these policies are carried out, and that competition is limited to peaceful mechanisms? That's a new challenge; it's not been met before in comparable circumstances.

Now the Russian problem is a totally different one. It's a collapse of an imperial system of a country that has defined its authority as the protector against all kinds of outside forces. And Russia has been invaded by France, by Germany; it has been governed by the Mongolian Empire for 300 years. And while the West was going through its Age of Discovery and the Enlightenment and Reformation, Russia was fighting to become Russia. So now how do you define that power of a ruler when you are threatened on almost all of the borders and you perceive foreign policy as a contest of wills? So Russia does self-assertive things that we cannot condone. The fact that a country feels itself provoked does not entitle it to take a piece of another country.

The challenge in the Chinese-American relationship is whether it is possible for each side to define their interests in such a manner that they can be pursued by peaceful competition.

But the problem for the West with respect to Russia is how to bring it into a Western system at some point, and, if possible, to avoid divisions of an intensity that makes this impossible. But if that's wrong, if that cannot be done, then we have to do what we have to do.

The Chinese problem is different in that sense, but if you look at the outcome of a conflict with China and the United States, it would mean that all over the world people would have to choose between China and the United States, and it would destroy the domestic politics of each country.

The fact that a country feels itself provoked does not entitle it to take a piece of another country.

The conflict with Russia is disturbing but not threatening in the same sense to our future, but I would describe it as a defender of the national interest. I think it's in the national interest of the United States right now to see whether it can distil some kind of order out of the upheavals. Will it succeed? No, not necessarily. But in 1947 if anyone had said the United States will undertake the defense of Europe, that Europe will unite, that Germany will unify, nobody would have thought that was very possible either. So I'm trying to define a goal, an effort to which we devote ourselves, and if it fails we'll have to take the consequences.

WI Final question to you, Secretary Baker. The period which we discussed earlier, of German unification and the disappearance of the Soviet Union, was marked by, as was said by all of you this evening, by exceedingly important personalities. Personality obviously matters. So what's your answer to a student of international relations, what's your answer to this audience, when you get the question: How important are personal relations as compared to, you know, the national interest, the objective elements? Tell us about your own long experience in promoting the national interest, including through the creation of trusting, trustful personal relationships. How important is that?

JB Well, I'm a so-called realist in my approach to foreign policy, I think. I think the national interest has to be paramount, although that national interest is founded upon and formed by our principles and values, so when you're trying to formulate or implement foreign policy for the United States, you've got to keep principles and values in mind—but above all else, I think, the national interest. That's why we have dealt throughout history with regimes that don't share our principles and values. If it's in the national interest, we do it. We dealt with Stalin's Russia, okay, we were allied with Stalin's Russia, so I think you have to, in each case, look at the principles and values and the national interest.

Personnel are policy, in my view. Everybody has their biases and their views with respect to issues. When you're staffing a big cabinet department like the State Department or the Treasury Department, and you pick personnel for important jobs they're going

to bring all their biases with them, so personnel are policy.

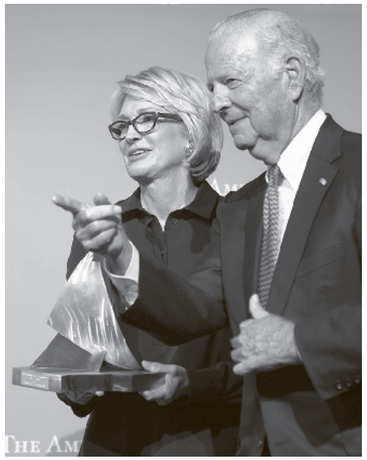
With the respect to the issue of trust, which you touched upon, nothing is more important, in my view, in diplomacy or in foreign policy than having the best relationship you can have with your interlocutor. I determined fairly early, as I'm sure Hans-Dietrich did, that Eduard Shevardnadze was someone who I could trust, whose word was good, and if you can develop a relationship of trust with the guy across the table, you've got a hell of a lot better chance of getting somewhere, making an agreement. So personnel are very important.

I want to add one final comment to the question you asked me about what the press is talking about, NATO moving eastward. Throughout all of our discussions with the Soviets, and I think Hans-Dietrich will confirm this, we never had any discussion whatsoever that didn't relate to Germany. It was all about Germany, and we worked out an agreement, and we wrote it out and they signed it, and it was an agreement that said no foreign troops will be on the soil of the DDR, so to now come along 25 years later and say somehow we promised, with respect, a whole host of other countries, it's just baloney. Anyway, I thought I'd better add that.

> Nothing is more important in diplomacy than having the best relationship you can with your interlocutor.

WI Thanks for clarifying that. I don't know how you all feel about this, but I could go on for another hour or two with these two grand, international leaders, wonderful friends of Germany, but we have to conclude this, otherwise I'll be criticized by our chairman. So I want to thank both of you. Let's give these two panelists a hand and let's conclude the evening.

Thank you very much.



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Imprint

© 3/2015 The American Academy in Berlin
Editors: R. Jay Magill, Rüdiger Jürgensen
Design and Prepress: Carolyn Steinbeck · Gestaltung
Photography: Annette Hornischer,
Matthias Wenger (p. 5, p. 3 center)
Printing: Lieblingsdrucker GmbH

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