

Global Forum: The Global Role of the United States in the 21st Century

On April 25, 2000, James Wolfensohn, the President of the World Bank Group, took part in a panel discussion on the Global Role of the United States in the 21st Century. The discussion was hosted by Rupert Murdoch and moderated by Henry Kissinger.

Panel Discussion

PRESENTER: Ladies and Gentleman and honored guests, please welcome the chairman and chief executive of News Corporation, Mr. Rupert Murdoch.

RUPERT MURDOCH, CHAIRMAN AND CHIEF EXECUTIVE, NEWS CORPORATION:

Good morning, ladies and gentleman. I want to welcome you to News Corporation's Global Forum 2000.

We've assembled here a stellar group of world leaders and thinkers to discuss a set of issues that are viable to every person in the world.

For those watching this forum on television here in the United States or overseas in Britain, Europe, Asia, Australia, and South America or joining us via our live broadcast-Webcast being sent to 120 nations, these are not just academic questions. These are questions whose answers will affect the quality of life for us all, from the (INAUDIBLE) driver in Indonesia to the richest of Silicon Valley.

The only way to harness the future is to anticipate it. The only way to create the world we want is to design the circumstances and background of laws and principles within which all people can develop and prosper.

The answers to the two questions that we will be discussing, what does the world expect from America and what should America ask of itself, are in many ways less clear than they've ever been before. These are questions this country has to ask itself, and questions, the answer to which, our leaders must articulate.

We're living in a new world, a world where the old definitions no longer apply. The forces of globalization and technical change have made us all interconnected in ways we've never seen before. A new age requires new ways of thinking.

We are fortunate today, not only to have such distinguished and provocative panelists, but to have our moderator as our moderator, one of the world's greatest-living statesman, Dr. Henry Kissinger.

It is now my great pleasure to hand over the morning's events to Dr. Kissinger. Thank you.

DR. HENRY KISSINGER: Mr. Murdoch, ladies and gentlemen, we have come together here to address two questions: What does the world expect from the United States? And what should United States expect from itself?

We live in what has been called the "post-Cold War world," but nobody has yet really defined what we understand to be the character of this world, what we are supposed to accomplish in it, and what America's role is in it.

It is conventional wisdom to say America is very strong, but the challenge of the post-war period is to translate strength into consensus and to base the new relationships that are emerging on the willing cooperation of all the key players.

The panelists that have been assembled here are a symbol of what is called "globalization," except it's globalization in the intellectual and political world. As I reviewed their backgrounds and met them last night, again, it was clear we're all old friends; we've been through many battles together. We think it's natural that we call each other up and discuss ideas. And we don't look at these ideas from a national point of view, but as a shared destiny. This is why everybody's here, and this is what we're going to try to discuss.

The organizers have thought that since brevity is not my outstanding attribute, that it would be more efficient if the introductions were made by video, rather than by me individually. And so let me turn it over to the video experts.

Here are the panelists:

PRESENTER: Minister-President Kurt Biedenkopf:

In his three decades of public service, Kurt Biedenkopf's call has emerged as one of Europe's true Renaissance men. Schooled in both Germany and the United States, a passionate educator, political activist and key figure in Germany's Christian-Democratic Union, Biedenkopf is perhaps best known as his nation's spiritual father of reform. It was he who stood as an advocate for the citizens of Eastern Germany after the fall of Communism, who led his party to success in Saxony's first free elections after unification, and who now, as president of the German Bundesrat, is viewed as a powerful force in helping to keep Germany in the mainstream of global trade and politics in the 21st century.

His Excellency, C. Mikhail Gorbachev:

Mikhail Gorbachev is undoubtedly one of the pre-eminent world figures of the 20th century and the youngest man to succeed to the Soviet Union's top position of power. He proved, also, to be one of its most farsighted leaders.

Taking office in 1985, Mr. Gorbachev soon launched a daring, even radical, program of reform, pointing his government on the road to democracy and his nation on the road to global cooperation. It was

Gorbachev who opened Russia to multiparty elections, who gave the world glasnost and perestroika, and of whom Margaret Thatcher said, tellingly, after their first meeting: "I like Mr. Gorbachev: we can do business together."

The Honorable Koichi Kato:

Koichi Kato has been influential in Japanese politics for three decades, holding every leading cabinet position, including minister of finance and chief cabinet secretary. Now, in his ninth term in Japan's House of Representatives, Kato has chaired a variety of global-thinking panels, including the special committee on United Nations Peace and Cooperation. Though at times outspoken in his criticism of U.S. trade policy, he has advocated continued cooperation with Washington as well as increased consumption of foreign goods by Japan.

With the recent change in Japan's leadership, Mr. Kato's influence on policy and government is sure to increase. According to some observers, Koichi Kato is a leading candidate for the next prime minister of Japan.

Monsieur Jean-Claude Trichet:

For three decades, Jean-Claude Trichet has moved in the highest echelons of finance, in service first and foremost to his native France, and now to the European community as well. Widely recognized as one of the most astute and accomplished figures in global finance, Trichet has served with distinction as director of international affairs of the French Treasury, as head of the Treasury itself, as chairman of the European Monetary Committee, and since 1993, as governor of the Bank of France.

The Honorable James Wolfensohn:

James Wolfensohn has dedicated himself to the idea of global economic well-being possibly more than any other World Bank president. To that end, this Australian-born naturalized American investment banker has traveled to more than a hundred nations with economic development projects under way. Along with the International Monetary Fund, he has co-authored the first comprehensive debt-reduction program to address the needs of poor and heavily indebted countries. And he has launched perhaps the most ambitious World Bank reform, the Comprehensive Development Framework, through which rich and poor nations together are cooperating in efforts to end poverty.

KISSINGER: Let me welcome the panelists, and let me thank my friends for having made this big effort to come from long distances on addressing these important questions. So let us give them a welcome.

(APPLAUSE)

Now, this is a high-tech operation, and I'm the weak spot in it, so if there is some confusion here you know whom to blame. But, basically, there are questions that have been coming in on the Internet, on the Web site of News Corp. They're questions invited from the audience and there are discussions of the panelists amongst each other, and the chairman,

occasionally, may throw in a comment or two. So this is how we're going to try to keep these discussions going.

Now, in order to have these discussions in some sort of categories, we're going to proceed in the following manner: First, James Wolfensohn is going to speak about the relations of the developed-or the developing world from his vantage point in the World Bank and even more so as a conscience for the developingfor the developed world. And then I'll take a few questions, and we'll have some discussion.

Then Kurt Biedenkopf and Monsieur Trichet will deal with the questions from a European perspective, and we'll have a few questions and discussions.

Then Koichi Kato will speak from the Japanese and, maybe, Asian perspective.

And, finally, Mikhail Gorbachev, whom all free peoples and the Russian people owe so much, will make concluding comments. And then there will still the time for further discussion among the panelists, and for the Web site.

And so this is what we're planning to have happen, and, more or less, we will manage to accomplish it.

So, Jim, will you start please.

JAMES WOLFENSOHN, PRESIDENT, WORLD BANK: Well, thank you very much, Henry, and thank you for the opportunity to speak on behalf of the developing world and what it expects of America.

Let me start by setting the framework and reminding you that there are six-billion people on our planet today, of whom 4.8 billion live in the developing and transition economies. Now, this 4.8 billion is not rich; in fact, 3 billion people live under \$2 a day, and 1 billion 200 million live under \$1 a day. So our world is an unequal world, and it is a world, also, which is growing, because in the next 25 years another 2 billion people are going to be added to our planet. So instead of 6 billion, it will be 8 billion. And virtually all of the 2 billion people that are added will go to the developing world, so the 4.8 billion becomes 6.8 billion.

So I speak not on behalf of the richest segment of the world, but, certainly, the largest segment of the world. And you might well ask: Why is it that this world expects anything of the United States? And, indeed, why is it that the United States should think anything of this world? Today it represents 18 percent of the world's GDP, and its growing fast, and in the next 25 years it will grow to 30 percent.

Well, the reason, of course, is that we know-as the United States and as an economic leader, as a political leader and, hopefully, as a moral and ethical leader, that our country of the United States is not distant from this 4.8 billion people, it is interconnected.

And as the Secretary of State said last night: "We're not engaged when we think of this world in some form of global social work, it is pragmatic." It's pragmatic because the first thing that we must recognize, not often recognized in our current debates, is that the United States and the developing world is as one. We are connected by trade, by finance, by immigration, by crime, by health, by the environment, by communications. In every sense, our country is part of this world.

And the first thing that has to be understood is that we, as citizens of the United States, have to recognize that the developing world, for whom I am speaking, is part of our world. If we're thinking of our children, their peace is a global peace. If we are thinking of economic development, economic development is global.

And so the first thing that has to be understood is that this is not charity that is expected, it is leadership. It is central to the whole issue of growth, and growth is fundamental to the question of poverty alleviation.

So the first thing we expect of the United States is stable economic policy and growth, but it goes beyond that because the developing world is not just a world that is looking for money, it is looking for opportunity. We have just done a study of 60,000 poor people. We have talked to them about poverty. We have talked to them about the nature of their future. And the funny thing is they are no different than any of you in this room: Poor people care about their kids, they care about security, they care about opportunity, they care about voice. They are not looking for charity, they are looking for a chance. And the thing that they are concerned about most is not so much the money, it is the way they live; it's their lives; it's the freedom. It is the opportunity not to be beaten up; to be free of crime; to be free of drugs; and to have their children live in security.

And so when we talk about what is expected of the United States, do not think of it just in terms of money, think of it in terms of working with the governments and peoples of the countries around the world, to help them find their opportunities for themselves and for their children. As the secretary of state said: "This is not some grand social work, this is a partnership."

Now, the second thing that we expect is respect. And the third thing we expect is help not just in finance, but in terms of structure. Many of the countries I deal with do not have a legal system or a justice system that works. People are not protected: they do not have a voice, they don't have opportunity.

WOLFENSOHN: And so what is expected of us is also leadership, leadership in terms of helping to create structures:- putting in place proper judicial systems, legal systems and financial systems; fighting corruption; trying to preserve safety; looking at the issues of crime. Because it is not only of interest to developing countries and people in poverty, these issues will ultimately affect the way in which we live,

and so it is a matter of joint interest that the developing world is looking for a real partnership.

And that partnership, as we now approach the next decade and the next 25 years, is a new partnership. It is a new partnership because we are entering a digital age, an age where it is not just money that is going to divide us. It's knowledge. It's information. It's connectivity. We've moved from an agricultural to an industrial, and now to a digital revolution. And this question of leadership and connectivity, this question of bringing the world together in terms of technology, in terms of transfer of knowledge, is an area where the United States is uniquely qualified to lead.

We have had examples all around the world in which we have already been engaged. Recently, one of my colleagues was in Ethiopia addressing, as you might expect, a group of Ethiopians about Internet business. And he said to the group, "Do any of you know what an Internet site is?"

And someone put up his hand, and he said, "I have a site."

And he said, "well, how do you have a site here in Addis Ababa, there's no connectivity?"

He said, "I sell goats."

He said, "How do you sell goats?"

He said, "well, in New York, Chicago and Washington the taxi drivers are Ethiopian, and they want to send goats back to their families in Ethiopia, so I have a Web site. And everyday I go to the cafe, and I check in with Yahoo!, and I get the messages from the taxi drivers, and I sell goats. I have a great business."

Let me tell you that the Internet is going to move around the world in ways that you can only imagine. And so we have a responsibility- not just to the goats but to knowledge, to education and to experience- to try and help bridge the digital divide, to bring our world together.

Let me close simply by saying that the United States, as the leading power, has a responsibility to itself to deal with the developing world. It has the responsibility to bring economic development and to bring peace. It has a responsibility for moral leadership. It has a responsibility for partnership and respect to our partners in the developing world, and that is a responsibility which is important not just for those in poverty and in development, but, also, for the future of the children of all of you that are here.

Thank you, Mr. Chairman.

(APPLAUSE)

KISSINGER: Now, Jim, one of my roles here is to be the devil's advocate. And when I make remarks like this in public speeches, less eloquently to be sure, one of the questions I'm always asked is: What is the

responsibility of the developing countries to help themselves, not just what is our responsibility to help them? And what would you say to that? I mean, how can one make our relationship I don't want to say "conditional" but a force so that they don't just trust (ph) the (INAUDIBLE) what is needed in their own self-discipline?

WOLFENSOHN: Well, I think that that is an absolute necessity, Henry. I think when I talked of partnership, I think it is an equal partnership.

At the bank we are very clear that we give money and help to those countries that help themselves. And I think there is a very real responsibility to hold developing country governments accountable-accountable for good governance, accountable for putting the structures in place, accountable for fighting corruption, and accountable for trying to set an equitable framework for their community.

All the work that we're doing in debt-relief now is conditioned upon this type of approach, and I can assure you that there is a growing realism in the developing world that handouts that can go to bank accounts overseas or (INAUDIBLE) are not something that is likely to be favored. I agree completely with you that this is a partnership, and I don't believe that any sensible developing-country government feels otherwise.

KISSINGER: Now, just to make this more interactive, is there anyone in the audience who would like to raise a question?

WOLFENSOHN: Right over there.

KISSINGER: Over there.

WOLFENSOHN: This young lady.

MEMBER OF THE AUDIENCE: Yes, Dr. Kissinger earlier talked about the millennium this next millennium going from one where the United States had such tremendous strength to one with more consensus. And as you're working to help developing countries, there are many countries that are not yet at the consensus point of how they should govern and how they should run their own affairs. How are you attaining a balance between wanting to be helpful and wanting respect, but at the same time not appearing too heavy-handed?

WOLFENSOHN: Well, I think the most important thing is that you have to understand that we are not colonialists from the United States or from the World Bank. We have to let the government and the people lead in the countries in which we are operating, and this is why I spoke about respect. Many of the cultures that we're dealing with are, in fact, older than the cultures in this country, and what's important is to preserve culture and to preserve the opportunity for choice.

Most countries have opted for a market-based system, and if you have a market-based system and a democratic system, then certain things fall into place in terms of the structure that you need, the legal structure, and things follow relatively openly.

What we're finding is that with transparency and with greater communication about what's going on around the world, people are finding a meeting-ground as to what they think is necessary. And in this study of 60,000 poor people in 60 countries, there was an amazing consensus on basics, on basics of freedom, of voice and of equity. And these are the things that I think are now surfacing in countries, but you have to leave it to be translated to the national framework and the cultural framework in which those basic elements are demonstrated.

We're not finding it tremendously difficult to enter the debate. Where you run into difficulties is if you come in and try and insist. That does not work. And so we participate in the debate, and there's a general consensus, I think, emerging.

KISSINGER: This young lady.

MEMBER OF THE AUDIENCE: Yes, my name is Shawntell Thomas (ph) from Fordham Law School.

Mr. Wolfensohn, thank you very much for your remarks.

As you know, many of the world's poorest countries now spend more on their debt service, more on paying externally-held debt, then they do on their health and education services combined. And these are countries in which health and education are literally at crisis levels.

It's a complicated issue and pragmatism is important, but once thing that seems clear is that mothers in Zambia or Uganda should not have to bear the burden of the external debt held by governments, often debt that you yourself implied was funneled to bank accounts in Switzerland and cannot now be traced because of bank secrecy laws in Switzerland and other bank secrecy jurisdictions.

It is a complicated issue, but, Mr. Wolfensohn, what can you do to ensure that the problem of externally-held debt will not deprive the coming generation in the developing world of services to which they're entitled as a matter of justice?

WOLFENSOHN: Well, we created, some three years ago, a Heavily Indebted Poor Country initiative (HIPC) to reduce debt in the 40 most indebted countries for the specific purpose that you address. In my first visit to Africa, it became very clear to me that if you lend money and then immediately demand it back in debt repayment, you are not doing much for the country.

And there is now a global movement in place, originated not only by us and the fund but by a movement called "Jubilee 2000." This is a movement debt forgiveness but on the condition that the countries are running themselves effectively and that the money saved will, in fact, be used for social purposes- for the mothers of whom you speak. And I believe that that is now moving forward in an effective way. There are arguments as to whether it should be quicker or slower, but I believe that it is now launched. And, in fact, on the issue of education and health, I'm leaving this afternoon for Senegal, where we are going to address the

question of education for all. There are 125-million kids that don't go to primary school, and one of the reasons that is given over indebtedness is to explain this situation.

So there is a lot of work going on at the moment, perhaps not as quickly as everyone would wish, but in my judgment, in a very effective and appropriate way.

KISSINGER: Now, I know there are more questions, but we want to move on.

I want to explain, also, one ground rule that I forgot when I began. Each of the panelists have been asked to speak for eight minutes or less. I point it out only so that you don't get the idea that they don't have more to say. They, undoubtedly, all have more to say. And if we can keep them to these instructions, no matter what else happens here, you can all say you were present at a historic occasion.

So the next overall topic we'll address is Europe, and we will have two presentations, first from Kurt Biedenkopf, and then from Jean-Claude Trichet. And after they're through, we'll have some exchanges.

And also I want to point out, any of the panelists is free to ask any question or make any comment on what he has heard, at moderate length.

#### Interview

GINGRICH: Well, I mean I think World Bank President Jim Wolfensohn's story was the perfect vignette of what's happening when he talked about...

HUME: About the guy selling goats over the Internet?

GINGRICH: The guy sitting in Addis Ababa with an Internet connection selling goats to families in Ethiopia paid for by taxi cab drivers in Washington who order them over the Net. Now, I mean that's a world that was inconceivable - how would you have explained that 25 years ago? And yet I think that's the beginning of the future. And I think that there is an opportunity to - I'm an optimist in the long run. I think the entire human race, barring war and dictatorship, has a propensity to increase its wealth. And I think that there is a real opportunity for us in the next generation to see the entire world become substantially wealthier.

Somebody made the comment last night that within a decade there'll be over two billion people with cell phones. That's an enormous transition from the world of 30 years ago.

HUME: Now you believe, Mr. Speaker, that those technological developments and the economic growth that comes with them are subversive to forms of government other than democracy, correct?

GINGRICH: I think people have a tendency to move towards freedom because it is the natural desire of all of us to be responsible for ourselves.

HUME: And I take it you believe that the technology is itself liberating?

GINGRICH: The technology, the Internet, television, cell phones, they are potentially liberating. And Nazi Germany and Stalinist Russia used some of them pretty effectively. Their potential is liberating.

HUME: Well, let me just ask you, let me ask you both quickly, one last question to both of you about what kind of policies does that argue for with nations that we believe to be outlaw nations? I mean you have the situation with, the very complicated situation with China where the argument is made that the more we trade with them the harder it's going to be for them to be a police state. You have the argument made with Cuba the other way around, that we shouldn't trade with them at all because it's a police state.

What's the right, what, in this new atmosphere, what's right here, Senator Kerrey?

KERREY: I think, to me it's not even a close call. We've got to get China into a multilateral organization like the World Trade Organization where they have to abide by the world's rules, not just by what we say, but by what the rest of the world says. And secondly, you just have to engage them in a bilateral fashion, in a relentless fashion and say over and over and over that the best way to achieve order is through liberalizing your political system.

We've achieved order through political democracy in the United States and the Chinese can as well.

HUME: Let me ask you to handle the Cuba side of that equation?

GINGRICH: I don't think, well, I don't think they're at all parallel. I think in the case of the Chinese, you have a 1,300,000,000 people. It is desperately in the interests of the United States and the world for those people to be engaged in terms of the world market. I think it's - and I think we have to distinguish between the people and the government. We want Chinese people to be as open to the world as possible, even if we're condemning a particular act of repression by the Chinese government.

You have in the case of Cuba a very small country where frankly what we ought to be doing is saying every morning we'd like to lift the embargo this evening, agree to an election, Fidel. We ought to say it every day, we ought to say it loudly. I mean if you're so popular, Fidel, agree to an election. This guy is a dinosaur. He is a relic and we ought to just keep reminding him and drive - the people of Cuba deserve an election and they deserve a free society.

KERREY: But there's an argument...

HUME: The last word.

KERREY: ... there's an argument that's used by communists in Vietnam, by communists in Cuba, by communists in China that says we maintain social order through a single party system. And what we have to say to them relentlessly is you're not going to be able to control it and China especially. You can't control 1,300,000,000 people with a single party. You have to liberalize your political system.

HUME: Senator Kerrey, thank you. Mr. Speaker, thank you.

In just a moment here, we will be speaking to a man who does business in many corners of the world and we will ask him questions about where he sees promising growth, where he sees problems, what forms of government are working, what are not. I'm speaking, of course, about Rupert Murdoch, the Chairman of News Corp., the parent corporation of Fox News Channel. We'll be back in just a moment.

(COMMERCIAL BREAK)

HUME: As we await the start of part two of Global Forum 2000, I'm pleased to be joined by the man who is the host here, Rupert Murdoch, Chairman and CEO of News Corporation, which is, of course, the parent company of Fox News Channel.

Sir, tell me what prompted you to decide to get these people together, to convene this gathering?

RUPERT MURDOCH, NEWS CORP. CHAIRMAN & CEO: Well, Brit, we thought it would be a very interesting morning and great viewing for people around the world. Now you know that Fox News is carried right across Asia and all across Europe and also we thought it would be very good for Fox, but I think extremely good for this country. You know, these are, we saw some issues this morning raised which I think we take for granted and it was good to focus people's minds on them.

HUME: Well, now, as much as anyone in this room, you have an interest in many countries and you see this developing world as, I guess, a place of potential pitfalls but a place of potential opportunities, as well. From your perspective, what are the places in the world where you see opportunity growing fastest, economies bringing forth potential consumers most quickly? What's working in this world and where?

MURDOCH: Well, of what we call the developing world, I would say without doubt the immediate opportunities are India.

HUME: India?

MURDOCH: There are great political reforms going on there...

HUME: More than China?

MURDOCH: China is eventually going to be the bigger opportunity, but China is moving to change its system. It's going to be a very difficult thing to do, you know, to dismantle a totally centrally planned economy is a very difficult thing, and to change it.

HUME: And India is a better opportunity now because it...

MURDOCH: India, on the other hand...

HUME: ... because it's a democracy?

MURDOCH: ... is a democracy. There may be a lot of corruption and bribery at lower levels of the government but it is working. You, for the first time in many years have an honest government and one with a stable majority and one which is for, all for opening India up not only to a sort of marketplace economy, but to the world.

HUME: Now what are the other, among the smaller countries out there, where do you see things, where do you see economies working, overcoming the financial difficulties that have plagued some of those countries?

MURDOCH: Well, of course, the great example in the world is Singapore. But it rode right through the crisis because it had been managed so brilliantly. But on a larger scale, I think Thailand in Asia, Taiwan, of course, Japan. It's already a highly developed country, but it's still a very insular economy. We're going to have to see whether they are really prepared to open it up.

HUME: What about that because there's, obviously there's a lot of worry in Wall Street about where we are now with regards to the Japanese economy. The stock market there, after a good year last year, has not done so well so far this year. Have the policy changes that are in effect there now been enough, in your view?

MURDOCH: No. The intentions that have been announced have been very good but we haven't seen much put into practice yet. The real thing about Japan, as one of our panelists said today, it's a population situation. It is a very aging population that is declining in numbers and not welcoming at all to immigrants. So they have a problem with- as the population is aging, it is saving more money, spending less. Consumers in Japan have been on strike, really, for the last few years.

HUME: Now what about American policy here? I mean, look at a place like India. I don't know how much American policy is making a difference there, but if American policy were to make a difference to enliven the economies in such places, how does it need to change if at all?

MURDOCH: I don't think there's anything America can do there. The World Bank may have certain special projects they can help with, particularly in poverty-stricken areas- some of the world's health organizations. In fact, really, they're doing it themselves. They're doing it because they're following the American example. You know, they've played around, they came out of the colonial days from a socialist British model, which they hung on to. They've flirted with Russia. They've pretended to be sort of middle man throughout the Cold War. Now you have a government there and a consensus of opinion, which is very obvious, that the American model works in terms of free markets. It's a complicated country, the religion and all sorts of things, many different languages,

but they are-I would say America's influence there is by example not by money.

HUME: We were talking before...

MURDOCH: By trade, of course. We must be importing more and more chief goods in India, which is giving them jobs.

HUME: Now we were talking a short time ago before we went on the air about Bangalore, which has become the Silicon Valley, as it were, of India. Tell me about the Bangalore story as you witnessed it, having visited the place. What does it look like?

MURDOCH: I was there a few weeks ago. There were new streets going in, new buildings going up. You go to the outskirts of Bangalore to a company there called Infosist (ph), for instance, which has nearly 5,000 IT engineers working there all with options in the company, all modeled on American staffing. It's a bigger campus even or as big as a Microsoft one in Seattle. Very exciting place to be. They think they're rich. They're averaging \$10,000 a year in salary and bonuses and benefits, whereas in the United States, they get \$60,000 to \$70,000 to start immediately.

HUME: Right.

MURDOCH: And, in fact, you're going to see perhaps 70,000 engineers, computer engineers leaving India this year mostly coming to this country, and they will enrich us tremendously when they get here.

HUME: Is American immigration policy in your view ready for that? And is it open enough to bring these high tech industries the work force it needs?

MURDOCH: Well, Congress has passed an act to give at least temporary working visas to people with these special skills, to a certain number. I would say we should have a much more open policy. We saw today Japanese talking about our lead in technology and biotechnology, all the different things, sciences. You know, we can really be a magnet for the brains of the world, and we have a huge lead in this. I think what gave one tremendous confidence in the future of America is just the qualification that we must remain open in our trading policies and encourage the rest of the world that we are open.

HUME: Now one last question while I have you here. When the head of a company such as yourself is diagnosed with cancer, it gets in the papers, it scares stockholders, it worries markets, all the medical information we've seen is positive, but I'm going to give you a chance to tell people how you're feeling and what the prognosis is.

MURDOCH: Well, thank you very much. I'm feeling fine and prognosis is terrific. I'm going to start treatment in a few days.

HUME: And without being...

MURDOCH: It's well over 90 percent cure rate, this particular type of thing. So I think everything's fine.

HUME: Glad you're feeling well, sir. Thanks for taking the time to join us.

MURDOCH: Thank you.

HUME: And we have to take a break here, but more of GLOBAL FORUM 2000 when we return. Stay with us.

(COMMERCIAL BREAK)

HUME: The moderator of GLOBAL FORUM 2000 is Dr. Henry Kissinger, who has been a participant in and observer of and a writer about and a student of world affairs for longer than most of us can remember. And I'm pleased to have him here with me now.

Welcome, sir.

KISSINGER: Good to be here.

HUME: Talk to me a little bit about the consensus that we heard from this panel this morning about, yes, the United States must lead, the United States is now-what's the new phrase-a hyper power. And yet, you picked up in the remarks of the Japanese representative and certainly in what Mikhail Gorbachev was saying there toward the end, still that sense of resentment of the United States. Is that anything-I asked this of a couple of people earlier. Is that anything the United States can really do anything about or is it inevitable?

KISSINGER: Well, some of it is inevitable in the sense that when you are the strongest power, there's going to be resentment and there's going to be a temptation to organize against you. And that is unavoidable. But what is not unavoidable is the sort of undercurrent of resentment. And in my view, this is due to the fact that we are powerful without being allied to any particular idea, that we sort of have a checklist of our favorite themes and we go with them to various conferences. But compared to the end of World War II when there was a theme, the post Cold War doesn't really have a theme except globalization, which is very general.

HUME: Most people don't know what that means. What is globalization...

KISSINGER: It doesn't mean that I know what it should be.

HUME: I mean, to me, when I hear the phrase, I think of economics. Is there anymore to it than that?

KISSINGER: Well, when you talk about a globalized economic system, you are really assailing the existing economic and social structures of a lot of societies that's inevitable in the period of transition. But it also means that there's a lot of political turmoil.

We talk about the world as if it were an economic world. But people look to their governments to get them out of difficult situations or to handle complexities. And so what we consider an economic problem, in most parts of the world, it's a political and social problem.

HUME: Because...

KISSINGER: Assuming-first of all, the so-called globalized world isn't homogenous. There's an upper stratum in each country that's globalized. Then there is a national economy that continues the old way, and they feel threatened by the globalized part. And then there's an underclass of people who are not part of either, who are moving from the countryside to the cities. In time, they'll be absorbed, but while they are there, this has been the pattern of every process of development. And we have-we talk only as if it were a technical, economic problem.

HUME: Well...

KISSINGER: Look, for example-Jim Wolfensohn, whom I admire, he talked a lot today about helping developing countries. Now you take Iran in the 70s. It had a growth rate of 43 (ph) percent. It met all the criteria except it didn't have the political structure that could absorb all these. So it exploded and it's gone way back.

HUME: Now Rupert Murdoch was just here and I asked him the question of which nations, in which nations does he, as an international businessman, see the greatest opportunities.

KISSINGER: The greatest what?

HUME: The greatest opportunities, where.

KISSINGER: What did he say? India?

HUME: Well, he said China eventually, India now. Now his view of that is that that was a function of principally of the fact that India has a long tradition which is a working tradition of democracy.

KISSINGER: Yeah.

HUME: In your view, is democracy virtually a precondition of serious economic development?

KISSINGER: Well, India had the advantage that the prerequisites of democracy were established under imperial rule. So all the institutions of civil service, education and other of the paraphernalia were established under the British. So they didn't have the question of what political organization.

China is the opposite. China is the opposite. China started with a dictatorial regime. Then they threw away much of their economic organization. But now they face unemployment, people moving from the country back to the city. Industries are overstaffed because industries are the social security system of the Socialist countries. So- and at the

same time, they have to modify their political system. In time, they'll get to a democracy one hopes.

HUME: Let me ask you a question about that very thing. There is an idea that permeates the policy towards China in the last several administrations, which basically is that if you open commerce with a country like that, the freer the trade, the more subversive the atmosphere for a totalitarian state. Do you believe in that?

KISSINGER: It's partly true, but when you undermine the state, it's apt to resist.

HUME: Right.

KISSINGER: And it's not foreordained that the state always loses.

HUME: Right. Now, well, let me just take that a step farther. Do you believe it's possible to get what from an American perspective or a Western perspective might be the worst of all possible worlds from a place like China, which is an open and thriving, growing economy? In other words, a rich nation that is also a police state?

KISSINGER: I think a police state would not be so easy because you need some kind of constitutional system, but it's possible to have a thriving economy without having a democracy, something like the Portugese government was...

HUME: Well, how about Singapore?

KISSINGER: Well, yes, Singapore.

HUME: I mean, the model- Singapore is a pretty (UNINTELLIGIBLE) society.

KISSINGER: What they all do, they all have elections but these elections have a different meaning than they do for us because they have no real opposition party. So they use them like we do perhaps like opinion polls.

HUME: Right. Yes, they're like those Vietnamese elections that we can remember going way back.

KISSINGER: Yes.

HUME: Now what adjustment should the United States make? Is there a large adjustment in your view that needs to be made in American policy toward these countries, these developing countries?

KISSINGER: It's interesting to see when people quote an outstanding American president, foreigners. They often quote Kennedy even though the accomplishments of Kennedy were relatively limited. He was a very attractive person. But he represented an aspiration and a vision that he managed to communicate to the rest of the world. We haven't been so successful in doing that.

HUME: So it's a...

KISSINGER: Reagan was a terrific communicator for Americans but not for foreigners.

HUME: Interesting. Dr. Kissinger, thank you very much for coming. Nice to see you. Good luck as you ring master the next group.

And we have to take a brief break but we'll be right back. More to come. Please stay tuned.

(COMMERCIAL BREAK)

HUME: And welcome back to our live coverage of GLOBAL FORUM 2000, a pair of discussions being moderated by Dr. Henry Kissinger and including leaders from a number of parts of the world. And the second part of that is about to begin.

In the meantime, I'm joined by James Wolfensohn, the president of the World Bank, and who was on the first panel this morning and whose particular preoccupation is how to lift the developing countries as they're commonly called out of the Eleanor Clift difficulties in which they find themselves and how to make them a part of the modern, vibrant economic-international economic economy.

If there's a single ingredient in these countries that you would put at the head of the list of things that will help them the most, what would it be?

WOLFENSOHN: Well, first of all, you've got to have a decent macro economic policy to try and bring about growth. That's a basic.

HUME: Now for an ordinary viewer who's not familiar with the different forms of macro economic policy, you're talking about a market economy.

WOLFENSOHN: You've got to have a market economy and you've got to have things growing so that people can have jobs. But one of the things that I think we've learned is that it's very important to have a structure in the society -- a legal system that works, a judicial system that works, a financial system that works and a sense of equity, people combating corruption, trying to see that the whole population can benefit from growth.

HUME: Now Rupert Murdoch was here just a short time ago, and I asked him from his perspective as an international businessman, where he sees the greatest opportunities for growth and commerce.

WOLFENSOHN: Right.

HUME: And, of course, he's looking at it from the point of view of an investor, which is not the same as a point of view of a poor guy with an ox cart.

WOLFENSOHN: Right.

HUME: But he said that the important precondition- The country that he identified was India and I asked him why India. And he said, well, it's the tradition of democracy...

WOLFENSOHN: That's right.

HUME: ... which, of course, is one of the after effects of colonial rule, which I suppose is in bad odor politically today but is not a bad thing to have left behind by the Brits. What is your sense? Is it possible to have a truly vibrant, growing economy in a system other than democratic?

WOLFENSOHN: Well, I think it's very difficult. I think that with the force that people have in terms of wanting to express themselves in the modern societies that there is a global move towards both market economies and to a Democratic process. There's no doubt that in the studies that we have done that people around the world all want the same thing. They want a sense of voice, they want an opportunity for themselves and for their kids. They want educational opportunities. They don't want charity. They want a chance. And that really comes best in a Democratic framework where people can represent themselves and really help gauge their own lives.

HUME: Now as the head of the lending group, which tries through below-market interest rate loans to countries to assist them to grow and develop and develop effective economies, your institute has been criticized most recently in the streets of Washington for perpetuating, it is charged, the very difficulties that these countries, these small and poor countries face. There was a very well-put question to you this morning about the burden that the debt to the banks- to the World Bank and other lending institutions carry precluding any other real use of the country's income. What do you say to that?

WOLFENSOHN: Well, first of all, I'd say that what we're doing is actually dealing with the issues that were raised in the streets. We have the biggest program of debt forgiveness. I think I have 10,000 people working with me on the issues of...

HUME: So when they say dump the debt, your answer is we're trying to dump the debt.

WOLFENSOHN: We are doing it. And it was interesting that we are dealing with the question of AIDS, we're dealing with the question of health, with the issues of education. What was going on inside the meetings was what the people outside the meetings were calling on us to do. I think there was a little bit of misguided advice in terms of some of the criticisms.

Having said that, I think it's important that you listen to what people are saying in the streets because we may not be getting this story out adequately. And I'm sure there are things we can do to improve. But I came away from those meetings with a greater sense of assurance that we're on the right track.

HUME: Let me ask you a question I put to some of the other panelists here about economic models and where they work in countries. Many people argue that the trade with China, for example, and as much trade as possible is a good idea because it ultimately undermines totalitarian government...

WOLFENSOHN: Right.

HUME: ... that it is—you have to be open to have it. And once you start to open, it's hard to reverse the process.

WOLFENSOHN: Right.

HUME: Is it possible in your view, as someone who has observed these countries as they're developing economies, to end up with a kind of worst of all worlds nightmare where you get flourishing economy presided over by a police state that might be menacing to its neighbors?

WOLFENSOHN: Well, my own view is that that is not the trend in which things are moving at the moment. I think that you're getting a trend of greater freedom in these economies, and of open markets and trade with the new developments in the digital revolution so that you're getting much more information, a much more global marketplace, a much more global experience that's only pushing towards a more democratic process, a more open process.

HUME: So that's not the direction it's supposed to go.

WOLFENSOHN: I simply do not believe that that's the direction, and history would lead you to conclude that that's not the case.

HUME: Mr. Wolfensohn, it's nice to see you. Thank you for dropping by.

WOLFENSOHN: Nice to see you. Thank you very much.

HUME: Stay with us, folks. Part two of GLOBAL FORUM 2000 will begin after just a brief break here. Stay tuned.

ANNOUNCER: Ladies and gentlemen and honored guests, once again, please welcome Dr. Henry Kissinger.

KISSINGER: Ladies and gentlemen, our panel this morning certainly laid down a lot of challenges for the United States. They all agreed on the importance of American leadership. And that sounds very important until we lead with something that other countries don't agree with. And if we make proposals that others don't agree with, will they then say we lack leadership ability or will they interpret it in some other way?

There are a number of issues that obviously remain that is definite, an important partnership and how do we define it and for what purpose. There was an emphasis on regional organizations. And that raises the question: Why is it necessarily true that the stronger a group of nations, the easier it will be to cooperate with it? And what is it that unites certain regions. Is Indonesia because it is in Asia, closer to Japan than it is to the United States, for example.

I raise all of these questions and there are many more to indicate that for Americans, we have to give content to some of the objectives that were described this morning. And I would also like to stress that the panelists whom we have assembled are obviously distinguished Americans but they illustrate that we are an essentially bipartisan country on the issues of foreign policy. They represent both parties but they have worked together on many issues, and they don't divide along party lines. And this leaves us with one question. This is going to be the third presidential campaign in a row in which foreign policy will not have been discussed. And the four panelists we have assembled here show you that in both parties, we certainly have the caliber of people who can raise our sights and enable us to discuss our deeper issues. And the video will introduce them.

ANNOUNCER: The Honorable Newt Gingrich. American politics has not been the same since Newt Gingrich arrived in Washington. That was in 1978 when the freshman congressman from Georgia began a not-so-quiet quest to downsize and otherwise reform the U.S. government. In 1995, with his party now in control of the House of Representatives, Gingrich became what some would call the most influential speaker of the 20th century. So combative was his style that even while naming him Man of the Year, "Time" magazine labeled him as a bomb thrower. But others called him a visionary, a tireless advocate under whose leadership Congress passed welfare reform, the first balanced budget in a decade, and the first tax cuts in 16 years.

On world affairs, Mr. Gingrich claims the United States has lost time on national security and foreign policy. He believes the world's only super power should remain a super power.

Senator Robert Kerrey. It's hard to pin a label on Bob Kerrey other than maverick. The senator from quietly conservative Nebraska is an outspoken liberal, a Democrat more at home in a farm house than a union hall, a genuine war hero, awarded the Congressional Medal of Honor, our nation's highest military decoration. Never complacent, Mr. Kerrey stepped back from a hugely successful business career to enter politics in 1982.

First as Nebraska's governor then as its senator, he became a recognized champion of fiscal and educational reform. On the global front, Senator Kerrey has kept attention on the need to reduce nuclear weapons worldwide. Of his brand of leadership, one admiring official has said that Kerrey created an imagination, a vision, a sense of the possible.

Following his term in the Senate, Mr. Kerrey will become president of the New School University here in Manhattan.

Robert Rubin has been described as arguably the best-known financier of his generation. Recently retired as the U.S. Treasury Secretary, Mr. Rubin has played a leading role at many of this nation's most important policy debates from balancing the federal budget to the globalization of trade. While at the Treasury, he was a key player in helping to stem the financial crises in Mexico, Asia and Russia and in shaping the North American Free Trade Agreement.

Hailing his return to the private sector as executive committee chairman at Citigroup, one industry analyst spoke for many when she called Mr. Rubin one of the most well regarded individuals among senior government officials and corporations worldwide.

KISSINGER: Since the topic of the challenge to America doesn't lend itself so easily to be broken down into subtopics and since our panelists have covered almost the entire range of the issues before us, we're going to conduct this part of the morning in a different way. We will have each of the panelists talk in and then we will open it up to questions and to discussions among themselves.

Our first speaker will be Colin Powell.