



The Economic Club of New York

113th Year
560th Meeting

Dr. Henry A. Kissinger
Chairman, Kissinger Associates, Inc.
56th Secretary of State

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Webinar

The Economic Club of New York Award for Leadership Excellence

Presenter: Alan Greenspan
Prior ECNY Award Recipient
Former Chair of the Federal Reserve System

Moderator: John C. Williams
Chairman, The Economic Club of New York
President and CEO, Federal Reserve Bank of New York

Introduction

Thank you for joining us today. Welcome. This is Barbara Van Allen, President of the Club, and we will get started in exactly, it looks like 90 seconds. Thank you.

Chairman John C. Williams

Well, good afternoon and welcome to the 560th meeting of The Economic Club of New York in our 113th year. I'm John Williams. I'm Chairman of the Club and President and CEO of the Federal Reserve Bank of New York. With a distinguished history since 1907, The Economic Club of New York is the premier nonpartisan forum for timely discussions on a wide range of issues facing New York, the United States and the world. Our mission is as important today as ever as we continue to bring people together as a catalyst for sharing diverse points of view. A very special debt of gratitude to our Centennial Society for their contributions which continue to be the backbone of support for the Club and help enable us to offer our wonderful, diverse and timely programming.

Now today's event is quite unique and very special. As Chairman of the Club since this past June, it is my privilege and honor to take part in something today that's only been done four times in the Club's rich history and that's the bestowing of The Economic Club of New York Award for Leadership Excellence, which today will be presented to Dr.

Henry Kissinger, a man who perhaps needs no introduction.

Dr. Kissinger was sworn in on September 22 of 1973 as the 56th Secretary of State, a position he held until early 1977. He also served as Assistant to the President for National Security Affairs from 1969 to late 1975. In 1983, he was appointed by President Reagan to chair the National Bipartisan Commission on Central America, and from 1984 to 1990 he served as a member of the President's Foreign Intelligence Advisory Board. From 1986 to 1988, he was a member of the Commission on Integrated Long-Term Strategy of the National Security Council and Defense Department and he has served as a member of the Defense Policy Board since 2001.

At present, Dr. Kissinger is Chairman of Kissinger Associates, Inc., an international consulting firm. In addition to being a member of The Economic Club of New York, he's a member of the International Council of J.P. Morgan Chase & Co., a Counselor to and Trustee of the Center for Strategic and International Studies, an Honorary Governor of the Foreign Policy Association, and an Honor Member of the International Olympic Committee. Among his other activities, Dr. Kissinger is a Trustee Emeritus of the Metropolitan Museum of Art.

So coming back to the honor we're going to bestow today, as background I'd like to share The Economic Club of New York Award for Leadership Excellence was

introduced eight years ago by former Club Chairman Pete Peterson. This award has been presented to prominent individuals who exemplify the very best in leadership in economic policy. The recipients have been nominated by our Award Committee consisting of current and past members of our board prior to a full vote of our Board of Trustees.

The first recipient was former Secretary of State George Shultz back in 2011. He was followed by former Chair of the Federal Reserve, Paul Volcker in 2013. And then Alice Rivlin, former Director of the United States Office of Budget and Management in 2015, and, of course, none other than Dr. Alan Greenspan in 2017, former Chairman of the Board of Governors of the Federal Reserve System, who is here with us today to do the honors.

So, Dr. Greenspan, or for the person like me who worked during the last twelve years of your chairmanship of the Federal Reserve, I still think of you as Chairman Greenspan, it's an immense privilege now to pass the baton over to you to share your thoughts about your friend, Dr. Henry Kissinger, and present the award. And after that, it will be followed by a conversation between me and Dr. Kissinger. So, Dr. Greenspan, please proceed.

The Economic Club of New York Award for Leadership Excellence

Presenter: Dr. Alan Greenspan

Well, thank you John. I'm most pleased to be part of this important celebration today. And I would like to extend my special thanks and gratitude to you, John, to the members of the Award Committee, the board and membership of The Economic Club of New York for inviting me to participate in such a grand salute to one of the world's most iconic and consequential figures.

I know you mentioned that Henry almost does not need an introduction. However, I cannot help but take a few moments to add my own thoughts to recognize some of his extraordinary accomplishments. No one in our nation's history has contributed more to creating a conceptual foundation for America's role in the post-World War II world. No one has better understood the complexity of China's political system. And where would we be if Henry had not imagined and engineered the historic opening to China that was arguably the capstone of his diplomatic achievements in Nixon's White House.

What is so remarkable is that Henry's contributions did not end there. I was fortunate to work with him in President Ford's White House, which was also brief but nevertheless consequential. In the decades since, Henry has become a singular figure, an international wise man, and a global advisor to world traders and leaders, an enduring

mentor to American presidents and secretaries of state in both political parties.

Returning to the moment at hand, I know personally that this award will be deeply appreciated by Henry, especially because it is conferred by this unique organization, The Economic Club of New York. Henry, on behalf of all of us, it is my great honor to bestow The Economic Club of New York Award for Leadership Excellence to my good friend and colleague.

Dr. Henry A. Kissinger: Thank you very much for your kind words. You know people always say I don't need an introduction, but I love introductions, especially when they come from a friend and associate over so many years. For the Economic Club to give me an award given the state of my knowledge of economics is an act of enormous generosity. Whatever I know of economics I've learned from Alan in the years that we have, that our paths have crossed and from the writings and speeches of Alan. And we, in a way we even grew up together though we didn't know each other, in the same part of Washington Heights.

The Economic Club as an institution performs an extraordinary function in this period of national division. It is crucial for our country to return to nonpartisan debates on the great issues of our day and the Economic Club provides an opportunity and has provided it over the decades. So, thank you, John, for chairing this meeting. Alan, it is

such a joy to see you after the interval that the pandemic has imposed on us and I hope we see each other soon insofar as it's technically possible and that you continue the inspiration you have been for so many of us and leadership for our country.

John C. Williams: Well, let me add my congratulations, Dr. Kissinger. And thank you, Dr. Greenspan, for joining us today and presenting this very special award. And so, as I mentioned, we'll move forward with the format today. It's going to be a conversation, which I'm very privileged to have the honor of participating in. We are going to end promptly at 2:45. And I'll mention that some people sent in questions. I have those questions and if we have time, I will definitely put those into the list of questions that we've prepared for today. So thank you for sending those questions. As our last reminder, this conversation is on the record and we have media on the line. So that's just something to be aware of.

Conversation with Dr. Henry A. Kissinger

CHAIRMAN JOHN C. WILLIAMS: Okay, with that, I think, Dr. Kissinger, I understand you would like to share some initial thoughts and remarks with the Club.

DR. HENRY A. KISSINGER: Actually, I would just as soon go straight to the dialogue and I'll make extended remarks on any point that is of particular concern.

CHAIRMAN JOHN C. WILLIAMS: Okay, perfect. Well, one of the things that Dr. Greenspan mentioned, which I thought was a good introduction to the first question to ask you about, he mentioned obviously your very critical role in the opening of China, and over the past more than forty years China's development has been truly remarkable. I'm curious on your views of today. How do you see China's role in the world today and going forward?

DR. HENRY A. KISSINGER: When President Nixon opened to China and I had the honor of being the first American representative to visit China, China was a developing country but lack of development did not prevent extreme hostility between our two societies. And the purpose of the opening was to enable China to participate in the national system and also to create a structure in which the Soviet Union, which was at that time the principal threat to the international system was balanced by China with which it was having a serious conflict.

Now, for a considerable number of years, this turned into a bipartisan foreign policy in which both parties essentially tried to determine what measures could be taken that would enable the objectives to be reached and in which the Chinese on their side participated in a comparable spirit. The big tensions of the recent decade developed because the evolution of technology has produced a situation in which the growth of a major country has potential implications for the economy of another and major

implications for our economy, and in the eyes of many, implications for the security.

So what used to be dealt with as a joint effort is now being dealt with in a more confrontational manner, both in foreign policy but also in economics. It has now become an issue, how high-tech us going to develop in the world, whether it will grow on multiple platforms or whether really only one platform will be created. And then the question is whether one country can have the chief technology or whether there is a way of creating multiple platforms and then what diplomacy will bring that about. This is a very serious issue. We see it now in the TikTok issue. We see it in other high-tech issues, in the ___ issue for example. And we have slipped into a potentially confrontational course which a new administration, whoever wins, will have to address. So that's almost the speech I might have given at the beginning.

CHAIRMAN JOHN C. WILLIAMS: So, as kind of a follow-up, I mean some people refer to this new world as a multi-polar world, very different from the Cold War period that defined the second half of the 20th century. Is that a productive way to think about this? And what does it mean to be living in a multi-polar world in terms of U.S. foreign policy and our strategic objectives there?

DR. HENRY A. KISSINGER: Well, our history, our American history trains us to think of the world as a unipolar world, that through major parts of our history we have believed

that our inspiration and our potential strengths, our inspiration is relevant to the rest of the world and our potential strength is a key element in preserving stability in the world. This has been especially acute since the end of the Second World War and we came out of it with a nuclear monopoly and an economy that had almost half of the world's gross national product. I'm talking of the 1940s onward.

So we have identified our influence in that manner but due to the evolution of technology and the inevitable evolution of the economy, other countries have arisen that have substantial economies and the technology has proved not to be able to be monopolized. And there is an additional aspect, I had, as a professor, written about nuclear weapons. And then I became Security Advisor and I had to deal with them as an aspect of diplomacy. And even then, the new technology was such that one had to reflect, to what degree superiority in delivery capability could be translated into political advantage, because a level of damage that a society cannot sustain is reached very rapidly in consideration of these issues.

But now nuclear weapons look like conventional weapons. Now we have weapons that can select their own targets. We have cyber capabilities where the origin of the danger, if a challenge is made in the cyber field, may not necessarily be known right away, and where the nature of adequate retaliation is complex and different from historical ways. And that is just the beginning of the world of artificial intelligence and machine learning.

So in this world, it is of crucial importance that the leaders of China and the United States realize that what you learn in the history books about superiority and shifting the balance of power and all the things that I used to teach as a professor are not fully applicable and that there are new dimensions.

So is it possible to distill at least an understanding of the limits of national power into the international system? And is it possible to think of an economic world in which, of course, no other country should be able to blackmail us, but where that objective is not defined in such a way that all potential technical capabilities in other countries have to be confronted and reduced. That is a big challenge for any administration and it's not a partisan challenge. It's a historic challenge. Because we can't review it every four to eight years. There must be some basic principles that underlie this, and if we cannot get clear in our own country about it, and if we don't know how to deal with other countries.

Now, we have in this dialogue talked mostly about China, but of course there are other emerging countries of great magnitude like India, maybe Brazil, and so the crucial issue is to get these answers right but simultaneously to see whether the world can be brought into such a discussion. And we have a long way to go.

CHAIRMAN JOHN C. WILLIAMS: So one thing you just said that really caught my attention is that the problems that we're dealing with, especially cyber warfare, some of

the other issues of technology really are changing the shape or the problems that countries are facing. One of the things I associate with you in reading your books over my lifetime is to look back in history for lessons from history to help provide maybe those principles or context to think about the problems of today. Do you have advice for people? What parts of history or what lessons from history should we be focused on in thinking about these challenges that you just talked about?

DR. HENRY A. KISSINGER: It's a very good question because in my life I was reading and teaching history in terms of some fixed principles. And, in fact, I'm right now writing a book in that atmosphere. I'm writing about six statesmen and what one can learn from their statesmanship. But I'm writing it at the same time that I'm working with Eric Schmidt and John Huttenlocher, the provost of MIT, on the implications on our consciousness of the technology they are producing. I know nothing about the technology. They have to tell me about the technology, but I try to contribute to this discussion, how that technology will change our perception of the world and what principles of what we've learned in our past history are still applicable.

So balance of power, it's still applicable to some extent because if any country or group of countries has the capability to impose its will with minimum risk, that is not a world one can live in safely or productively. But the nature of power has changed so completely. And one of my basic themes in relation to China is that China and we, that

our leaders and their leaders have to discuss the limits beyond which they will not push threats and how to define that and how to keep that discussion from getting out of hand. And then they have to find a way of conducting such a policy over an extended period of time.

Now if you, you can say that this is totally impossible and if it's totally impossible, we will slide into a situation similar to World War I. In the period before World War I, there were ten war scares. They were all solved, so the crisis in the summer of 1914 was not taken fully seriously. All the leaders of countries went on vacation during it, but they had in the meantime created military capacities where if you once extended a threat, it was impossible to reverse it because mobilization schedules _____. So we must not get ourselves into such a position and that doesn't apply only to China, it applies, it requires a new way of thinking. And we cannot achieve that position by believing that we can achieve such a unilateral superiority in both strategy and economics that nobody will be in the position to threaten us. For that, the world has become too complex and the domestic structures too difficult. And I don't have a brilliant answer to all these issues. I'm saying we first have to understand what it resolves and then, of course, we have to talk about answers.

CHAIRMAN JOHN C. WILLIAMS: Well, it sounds like I'm looking forward to seeing your book. The question, I'll turn to a question that was, I think, follows from what you were

just talking about. This is a question from one of the members of the Club. This person said, in your last presentation to the Economic Club, you commented about how technology is moving faster than humanity's ability to deal with it. So we're interested in whether you could, kind of update your views with the Club on that, and how does this tie into what you were just saying? Are policymakers in our countries, leaders of countries, are they, is technology moving ahead of how they're thinking and they're falling behind?

DR. HENRY A. KISSINGER: Yes, I think technology is way ahead of conceptual thinking. The last time a comparable technological change occurred was hundreds of years ago during the enlightenment when printing was invented and enabled the distribution of knowledge to many people. And that started a period in which philosophy and technology was sort of in harmony where the conceptual thinking was in step with the technological thinking. In the present world, the technological thinking is way ahead of the conceptual thinking.

And I was at dinner at the house of a member of the ____ and there was a person there who was a great expert in artificial intelligence. And he said he was developing something in which objects could become not only robots but partnered to human activity so that they think along with you, but they're not necessarily bound to go all the way. They can deviate. So I said to him, this is a colossal change in human thinking that

ever occurred to anybody. But he was more interested in how to achieve that objective that he had described to me which is a fantastic change.

Then, to discuss what that means for humanity, if you get robots that think for themselves and that may deviate only a very little bit at the beginning of their efforts, or not at all, but in the evolution of them could become unpredictable. So that's what I'm working on in the second book I'm working on with my two scientific friends. And you know them, they are very serious people. And the people who invent these changes in technology are also extremely serious people and they're transforming the world and they'll transform the human consciousness in strategy and in certainly economic and other fields, but they don't do that part systematically or at all.

CHAIRMAN JOHN C. WILLIAMS: So turning to a slightly different topic, but obviously one that's on everyone's mind, how do you see the Covid pandemic affecting how, you know, countries view each other? Is this going to be a reversal of the decades-long movement towards globalization? Do you think this is, how do you think of the pandemic itself changing maybe how economies behave but more generally how do countries relate to each other around some of these issues?

DR. HENRY A. KISSINGER: Well, it's a fact that the impact of the pandemic has been so huge on every country. Every country has dealt with it in terms of its immediate

emergency. There is amazingly little effort to analyze this as a global problem, that it's in the process of changing all of our society. Communications like this exist but the intangible relationships where one could simply talk to somebody and make judgments on the basis of the intangible qualities of that person, that's gone for the time being. And even setting up these Zoom kind of conversations, the technical effort is somewhat time-consuming. So how to get these nations back from where they are is going to be very important.

And I have asked myself and I have talked to friends about the question of what happens in our personal lives which have become much more isolated and much less spontaneous, how to recover the confidence you had, that one had, that the human relations can be spontaneously resurrected. And also to learn the lessons from this period, whatever they are, how to apply them to a more general system.

But in that process, we go back to the other questions, that is namely whether the economic systems of the world now and the technological systems of the world presume that there is some kind of global approach or whether they assume that certain platforms will become dominant, that in the technological field is soluble to some extent, but in the political field, it will then raise questions of security that were not asked before.

CHAIRMAN JOHN C. WILLIAMS: On your remarks about the connectivity between people, I definitely feel, at least in my experience, that we are, you know, living off those relationships we all developed over years in being able to carry out our work, especially in the international sphere. So having those connections and understanding and trust is absolutely critical because we don't see each other right now. I'm curious about, you mentioned economics and, you know, the nature of technology and how that's changed.

Now you tend to think of, you mentioned platforms. The economics tend to drive to centralization of these platforms, whatever they are. But then there is the competition between countries that you talked about earlier. And so when you think about, like again going back to some things I learned from you when I was a student and later, I mean how do you think about some of these principles of, you know, whether it's balance of power and realpolitik and these ideas and how to think about that? How does that work in a world where technology is driving us for our economies to be more kind of connected and taking advantage of these platforms while there's still the competition in the political sphere?

DR. HENRY A. KISSINGER: I don't have the answer to that yet. I say yet because I'm thinking about it and talking to my friends about it and trying to create groups that discuss this. Because if you attempt supremacy in every field and if you do not at the same time have a philosophical conception of the world, and if all this weakens religion

and other unifying principles, you could wind up in a bloody-minded world of brutal pressures. And so I think we need dialogue on these things.

I apply that, for example, very much to Europe where I grew up. And Europe is trying to find an identity for itself. Now it's had an identity which technological ties itself to one platform, will it create a platform of itself or will it try to play between the existing technologies? So after that, is it still an Atlantic relationship and the intangible element in the American-Atlantic relationship which was that when all was said and done, we still thought there was a special history that united us and created obligations and instincts for cooperation.

Will that disappear? And if you believe it shouldn't, as somebody of my age is bound to think, then what do you do? How do you express that? And those are huge challenges before us for either party and we alluded here, I mean it was very present at the end of World War II. There was no question that we were working on a common set of problems. Today we're not dealing with these new problems or whether there is, or what the common position is, exactly as we should. And that's partly because of the evolution in each country and each country has its own problems. Of course, we could go on into the Middle East and other regions. How do you relate culture to each other when so much of it is technological and economic? An ____ because I pretended I have answers to all these questions. I'm seriously thinking about these questions.

CHAIRMAN JOHN C. WILLIAMS: Well, unfortunately, well, thank you for that, unfortunately I'm looking at the clock and we are now out of time for our conversation. I have a long list of more questions I would love to ask you, but we are running out of time. And I just have one comment. You said, you know, you're not an economist. I was struck, however, by how much you talked about technology, economics, as really key drivers of these core issues around foreign policy and strategy.

DR. HENRY A. KISSINGER: Absolutely.

CHAIRMAN JOHN C. WILLIAMS: So I think this is a perfect conversation for The Economic Club of New York given how connected those are. So again, thank you so much for joining us today in this conversation. And congratulations on the award and for everything you've done for the United States over the years. And I also want to thank Alan Greenspan for presenting you with the award today.

So we are out of time now so I'll just give my closing remarks. We wish everybody the best and stay safe. Now we've got a lot of speakers coming up for The Economic Club of New York so I'm hoping that people are checking their calendars and will be able to attend and invite guests. So I'm going to do a quick one-minute whirlwind tour of what's coming up for the Club. And I'll start with General H.R. McMaster, Chairman of the Board of Advisors at the Center on Military and Political Power at the Foundation for

Defense of Democracies. We have my colleague Tom Barkin, the President of the Richmond Fed. We have Charlie Cook, the Editor and Publisher of The Cook Political Report. We have Deanna Mulligan of Guardian Life Insurance. We have James Gorman, the Chief Executive Officer of Morgan Stanley, Mark Zandi at Moody's Analytics, and we have Jay Clayton, the Chairman of the U.S. Securities and Exchange Commission. So we have a lot of great speakers and a lot of really important topics coming up this fall, and we'll be adding more and more in our new virtual world. So please keep your eyes looking at our website and we'll continue to communicate by email and update. So again, thank you so much for joining us today. Goodbye and stay well.