A SPECIAL MEETING

THE MONT PELERIN SOCIETY

1980 | 2020

JANUARY 15–17, 2020

FROM THE PAST TO THE FUTURE: IDEAS AND ACTIONS FOR A FREE SOCIETY

CHAPTER TEN

IDEAS OF FREEDOM AND THEIR ROLE IN ACTIVE POLICYMAKING

CONDOLEEZZA RICE

HOOVER INSTITUTION • STANFORD UNIVERSITY

Ideas of Freedom and Their Role in Active Policymaking

Condoleezza Rice

Good morning, and welcome to the Hoover Institution and to Stanford University. My colleagues have talked a great deal about the power of ideas in shaping an environment, as well as the power of the ideas of the 1980s that shaped the world as we now see it. I would like to focus on one particular idea that dramatically changed the landscape of the international order, and I would then like to talk a little bit about why we should not take for granted that such an international order will continue to obtain.

Ed Feulner and I were talking outside about my time in the government, when before George H. W. Bush went to meet Gorbachev in Malta, we invited a group of scholars, including Ed, to come up to Camp David and talk to the President, because George H. W. Bush had been bequeathed the effects of two great eras of ideas – the 1940s and the 1980s – and now it was time to harvest the benefits of what those ideas had produced. President Bush wanted to understand how we had gotten to where we were, and how we were going to deliver on the promise that American leaders had held in their minds since the end of World War II.

We have to recognize that, in fact, the first great set of ideas that would lead to the transformation of the world at the end of the 1980s really came about in the 1940s, from people like Paul Nitze and George Kennan, who believed that the way to counter a rising Soviet Union at the end of World War II was to deny the Soviet Union the course of external expansion until it had to turn to deal with its own internal contradictions. And American policy from the 1940s until the 1980s was essentially to deny the Soviet Union easy expansion, so that it would have to eventually turn to its own internal contradictions.

But by the end of the 1970s, people were not so certain that the Soviet Union was going to have to deal with those internal contradictions. In fact, in the 1970s, it looked like the Soviet Union, if anything, was on the rise. Anyone who visited the Soviet Union – and I first did so as a young graduate student in 1979 – knew that there was a tremendous disconnect between what one would see inside the Soviet Union and the tremendous power of the Soviet Union to shape international affairs. I remember one specific circumstance. I had gone into a store to buy an item, and the woman who was ringing up the price of my item was doing so on an abacus. And I remember thinking at that time, as a young specialist on the Soviet military, that there was a tremendous disconnect between doing math on an abacus and intercontinental ballistic missiles that could destroy the United States within a matter of moments.

But in fact, it turns out that the 1970s were simply covering a paradox about the Soviet Union which, in the early 1980s, Ronald Reagan would uncover. And that is that the Soviet Union was both capable of building those intercontinental ballistic missiles and maintaining an army of five million men stretched across Europe, and at the same time denying its own people the very basic goods of a developed society. And Reagan, drawing on ideas from people like Richard Pipes and our own Bob Conquest here at the Hoover Institution, recognized that it actually wasn't a paradox at all. It was that the Soviet Union had made certain choices in order to maintain its international role and to dominate as an international player, and the choice had been to starve its people at home. And Reagan, more than any other leader, even Thatcher, recognized that this meant that the Soviet Union could be challenged, and if it were challenged, it might not be able to continue to make those tradeoffs.

And so the first part of the 1980s, with Ronald Reagan, was really about laying a foundation that would be harvested at the end of the 1980s. Again, as a young Soviet specialist here at Stanford, I remember thinking that Reagan's speech before the British parliament was rather undiplomatic. To say that the Soviet Union would end up on the "ash heap of history" did not sound like the language of a president of the United States to me. But in fact, this was precisely the formulation that those inside the Soviet Union, both its people and its leadership, knew was true. Indeed, it was a hapless experiment practiced on a hapless population that would end up on the ash heap of history.

Reagan would not just leave it to an idea. He would not just leave it to the word. He would actively seek policies that challenged the Soviet Union in a way that would no longer allow them to make the tradeoffs that they had been making: with increases in American defense spending. With a policy that said, *You will no longer have free rein in Afghanistan*, *because we will arm the mujahideen, and they will be able to shoot your planes out of the sky*. In Latin America, *You will no longer be able to arm those who wish to overthrow the order in Latin America; we will challenge you there*. And for Reagan, it was challenge and challenge and challenge.

Now, this produced, of course, in academic circles, the sense that Ronald Reagan was driving the United States down a road of conflict and confrontation with the Soviet Union from which we would never recover. Indeed, academia – most of academia – had accepted the idea that the international system was in some kind of equilibrium, with the United States and the Soviet Union sharing responsibility for a stable system based on mutually assured destruction of each other. In other words, you do it to me, I'll do it to you – that keeps us both stable. And so in many ways, the most revolutionary, subversive idea that Reagan would have was that not only should the Soviet Union be challenged, but that the nuclear order ought to be challenged. And that was really the power of the Strategic Defense Initiative.

Again, it was made fun of. *What do you mean you will stop nuclear missiles from coming in?* But actually, in the Soviet Union, they were seeing something quite different. They were not as concerned that their nuclear missiles could be knocked out of the sky. But the investment in the Strategic Defense Initiative – in sensors, in computing power, in the ability to get inside the decision cycle of another power – this they understood.

In the early 1980s, the then-Chief of the Soviet General Staff, Marshal Nikolai Ogarkov, acknowledged that the Soviets had fallen far behind militarily, a historical trajectory that General William Odom helpfully outlined in 1985: the first revolution in military affairs had been mechanization of forces. The second had been the nuclear age. But the third was in command, control, and intelligence. And there, Ogarkov said, the Americans are so far ahead that we have wasted our investment in our military forces. Now, when you're a Soviet leader and a huge portion of your GDP is going to military affairs, this is something of a shock.

They fired him.

But this then produced Mikhail Gorbachev, who decided that he had to have another way. And thus, the international context was set by the mid-1980s for a transformation of a system that people thought had been in equilibrium.

Now, it wasn't just what the United States did. It was also ideas that were growing up in places that were under Soviet occupation. When NATO realized that in places like Poland and Hungary, the Czech

Republic, what people had thought to have been failed revolutions in 1956, 1968, and 1980 had actually produced a kind of underground of people who continued to believe in the ideals of freedom, who continued to work toward those ideas of freedom – and they had help.

Poland is perhaps the best example of this. Solidarity, of course, was crushed by martial law in Poland in December 1981 until 1983. But it actually wasn't crushed. It went underground. And it was sustained by the oddest coalition that one could ever imagine: Ronald Reagan's CIA, Pope John Paul II's Vatican, and the AFL-CIO. Together, they made certain that Solidarity had the most basic of tools, like printing presses, to be able to continue to talk among themselves.

There was also in the 1970s something called the Conference on Security and Cooperation in Europe. It was actually hated, initially, by most conservatives. The Soviet Union would use it, people said, to reinforce the order that they had created. The Soviets had made one essential mistake. There was a Trojan horse inside the CSCE. They were excited that we had agreed to talk about security affairs. They were excited that we had agreed to talk about economic affairs. And the price they conceded was, *okay, you can have a human rights basket if you want; it's not going to matter*. Well, it turns out it mattered – because of all those conferences all over Eastern and Western Europe, where people in civil society in Eastern Europe would be protected to get out and talk among others. It turns out, that when the opening came at the end of the 1980s, they were ready.

This tells us, then, that ideas are critical and important. The ideas of people like Conquest and Pipes and indeed, Edward Teller, to say that the challenge to the international order would not result in war. It might, in fact, result in a more durable peace. The ideas of people like Havel and Wałęsa, who would say, *Freedom is not yet dead in our societies. Give us just a printing press, and we'll continue to get ready for that opening.* And those ideas would produce Mikhail Gorbachev, who figured out that he had to have a different way. There's a moment when Gorbachev and Eduard Shevardnadze are walking together after Gorbachev has been named General Secretary of the Communist Party. And Shevardnadze says to Gorbachev, "Comrade, you do know that everything is rotten, don't you?" And Gorbachev apparently never answers him. But Gorbachev knew that everything was rotten. At the same time that the idea in the West was that the Soviet Union was on the march, it turns out that those who knew that the Soviet Union was having to turn to deal with its own internal contradictions were right.

I was fortunate to be the young Soviet specialist from 1989 to 1991 for Brent Scowcroft and George H. W. Bush, who got to "harvest" those decisions. And I will tell you that to stand there and watch, in Poland, the liberation of Poland, where the Cold War started – the unification of Germany completely and totally on Western terms – and then the peaceful collapse of the Soviet Union – one recognized that something very dramatic had happened as a result of ideas and active policymaking on the basis of those ideas.

Now, that brings me to a remark I'd like to make about today. This should remind us that ideas sometimes take a while to actually come to fruition in policy, and that patience is important. I very often think about the patience that it took for the United States from the time that the Baltic states were incorporated into the Soviet Union until they were liberated, free states after the collapse of the Soviet Union – the patience that it took to stay the course. As a young Soviet specialist, I had a stamp on my desk. And whenever you mentioned Lithuania, Latvia, or Estonia, you had to stamp the document: "the United States does not recognize the forceful incorporation of the Baltic states into the Soviet Union."

We couldn't do anything about it. But we kept the ideal and the idea alive. And when the Baltic states would free themselves in 1991, they would become among America's best friends.

Sometimes it's a long road, and it takes time. And this is something that we should remember as we're watching in Eastern Europe, as there are challenges to the democracies that were built there in the 1990s, in places like Hungary and Poland. There are ups and downs in democratic development. We should remember this as we look to a Middle East where people are still too quick to say, *Those people really don't care about democracy.* Or to the demonstrators in Hong Kong who can't currently fix their circumstances but are saying loudly and clearly that they are not satisfied with their circumstances. It means that ideas matter, but so too does sticking with them.

Now I want to offer one final comment about something that Peter said which I think is absolutely true about where we are now. I'm very often asked, "Why do your students think that socialism is a good idea?" I asked my class last year, "How many of you were born before the Soviet Union collapsed?" None of them. "How many of you were born before 9/11?" A few of them, as four-year-olds, and six-year-olds, and seven-year-olds. It's very important to remember that it's easy to lose sight of what has been, and that's why it's important to continue to teach history. But it's also important for those of us who look to the past, and celebrate the past, to recognize that we may be facing new challenges to those ideas that we thought were settled in 1989 and 1990 and 1991.

Peter gave you a list of things that our students are seeing: social immobility, economic inequality, public schools that are failing, people who are opioid-addicted, people who have no skills for the modern era and are under the pressures of technology that is threatening to change the way that we live in dramatic fashion. It's not enough to say that it was done once before with ideas and action. There now have to be, I think, new responses from those who believe in free markets and free peoples to the challenges that we face. Late-stage capitalism is showing its age. People know it, but we don't really want to talk about it. We'd better talk about it, because there are those who never believed in it, who would challenge us to say, "Oh, well, that was just an interlude, that period of the 1980s." We know it wasn't an interlude. But if it's going to continue to be true, we are going to have to make it so.

Thank you very much.

CONDOLEEZZA RICE

FORMER SECRETARY OF STATE, HOOVER INSTITUTION

Condoleezza Rice is currently the Denning Professor in Global Business and the Economy at the Stanford Graduate School of Business; the Thomas and Barbara Stephenson Senior Fellow on Public Policy at the Hoover Institution; and a professor of political science at Stanford University. Rice is also a founding partner of RiceHadleyGates, LLC. From January 2005 to 2009, Rice served as the sixty-sixth secretary of state of the United States and from January 2001 to 2005 she served as President George W. Bush's assistant to the president for national security affairs. Rice served as Stanford University's provost from 1993 to 1999. In 1997, Rice also served on the Federal Advisory Committee on Gender--Integrated Training in the Military. From 1989 through March 1991, Rice served on President George H.W. Bush's National Security Council staff, serving as director; senior director of Soviet and East European Affairs. In 1986, while an international affairs fellow of the Council on Foreign Relations, Rice also served as special assistant to the director of the Joint Chiefs of Staff.

As a professor of political science, Rice has been on the Stanford faculty since 1981 and has won two of the highest teaching honors. Rice has authored and coauthored numerous books, including two best sellers, *No Higher Honor: A Memoir of My Years in Washington* (2011) and *Extraordinary, Ordinary People: A Memoir of Family* (2010). Born in Birmingham, Alabama, Rice earned her bachelor's degree in political science, cum laude and Phi Beta Kappa, from the University of Denver; her master's from the University of Notre Dame; and her PhD from the Graduate School of International Studies at the University of Denver.

TABLE OF CONTENTS

PAST AS PROLOGUE TO THE FUTURE

An Opening Conversation

Free to Choose: 1980 to 2020 and the Network

Removing Obstacles on the Road to Economic Freedom: 1947 to 1980

Spread of Free-Market Ideas in the 1980s

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS