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Phone: (203) 432-1735

Email: mssa.assist@yale.edu

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A CONVERSATION WITH HENRY KISSINGER

AIR DATE: New Year's Weekend, 1982-1983

ORIGINATION: New York, New York

GUEST: HENRY KISSINGER
Former Secretary of State

CORRESPONDENT: Daniel Schorr
Senior Correspondent
Cable News Network

PRODUCER: Kenny Reff

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Transcript by: Neill & Groff Associates
P.O. Box 9781
Arlington, Virginia 22209
202-544-6006
703-524-6060

MR. SCHORR: On this New Year's Weekend, 1982-1983 we are now about to embark on what the French call a "tour d'horizon," a tour of the horizon. There is probably no better person to make a tour of the horizon with than Dr. Henry Kissinger who has toured the horizon many times in his career officially, and now, less officially. Former secretary of state, former national security assistant to President Nixon.

Dr. Kissinger, welcome to CNN on this year end. I'm going to try in the next hour to cover a great many subjects, glancing from one to the other as quickly as possible. Perhaps at the top we should start with what is now uppermost in the minds of many in the foreign field, and that is the Middle East.

Finally Israel has sat down with Lebanon to talk. I know that you expressed impatience at the rate at which arrangements were being made for some permanent peace for Lebanon. How do you see the situation now?

DR. KISSINGER: I haven't expressed impatience about the pace with respect to Lebanon because I think Lebanon is important, but I think the key issue is on the West Bank. I think that events in Lebanon have moved along at a fairly expectable rate, and I believe that there will be a successful negotiation leading to a withdrawal of all external forces, Israeli, PLO, and Syrian.

MR. SCHORR: Do you think that Israel is being unreasonable in

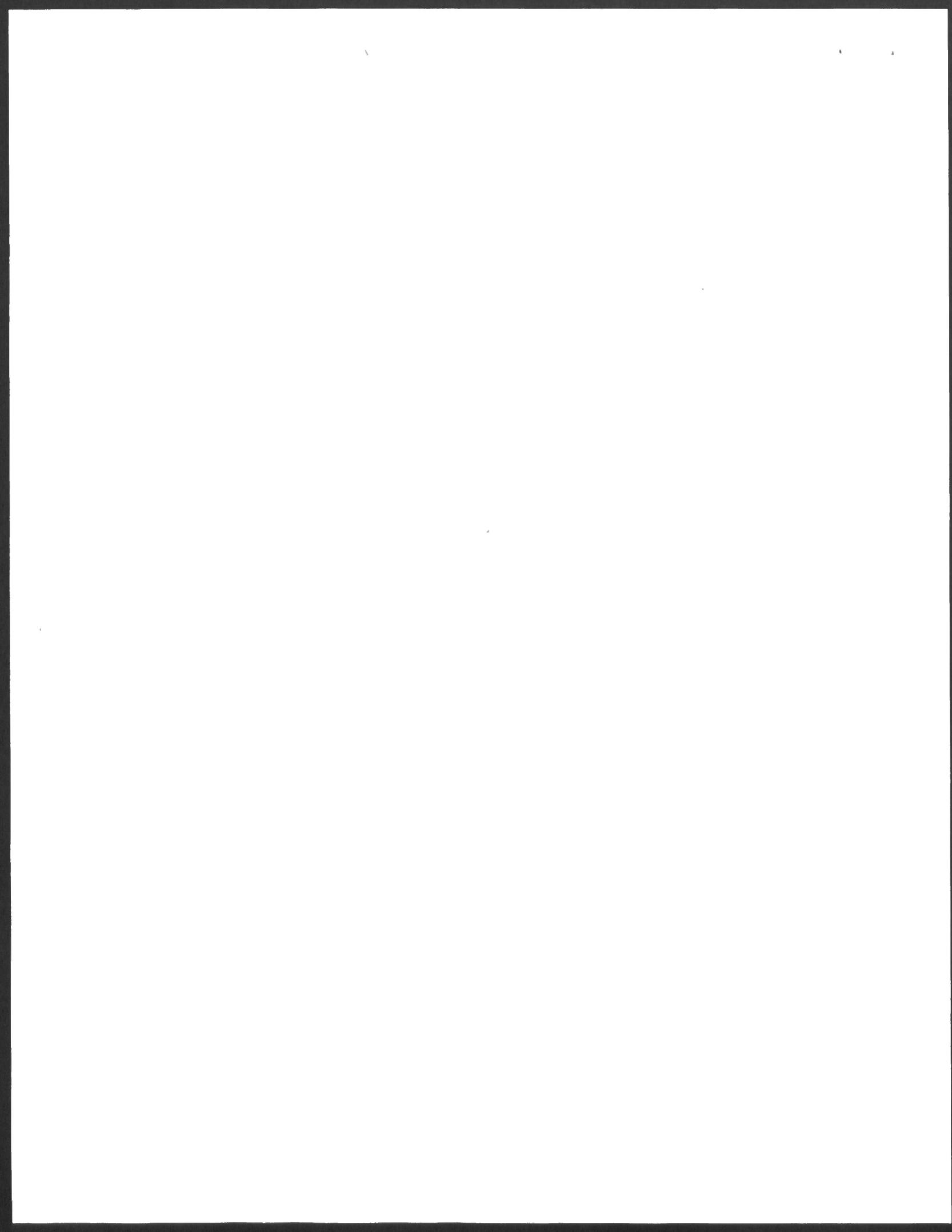
coupling this negotiation with desire for something approaching a peace agreement with Lebanon?

DR. KISSINGER: I think Israel is correct in looking for some degree of normalization of relations with Lebanon; something in which the frontier is relatively open and there can be normal commercial exchange. There is a problem in the relation between Israel and the Arabs which is psychological. Israel has never been at peace in its 30 plus years of existence. The Arabs have refused to recognize the existence of Israel. Therefore a perhaps disproportionate weight is given to the legal status of peace.

In history most wars have occurred between countries that are already at peace, that are at peace. In the Middle East it's a peculiarity that wars break out between countries that are already at war. So, I -- very often, the Israelis, by demanding peace so insistently are being asked to pay a perhaps exorbitant price for a purely legal document. And I think they're on the right road now in discussing the substance of normalization rather than the legal framework within which it takes place.

MR. SCHORR: You seem less optimistic about the West Bank than about Lebanon.

DR. KISSINGER: I think the West Bank is an infinitely more complicated problem. I think Lebanon will be -- the withdrawal part from Lebanon will be settled. The problem will then be how the various religious groups and national groups in Lebanon will co-exist without the need for, or the temptation of foreign intervention.



The West Bank has the problem that many in Israel really think of the entire West Bank as Israeli territory. And nobody in the Arab world can accept this proposition, and for that matter nobody in the rest of the world is likely, very few likely to accept this proposition.

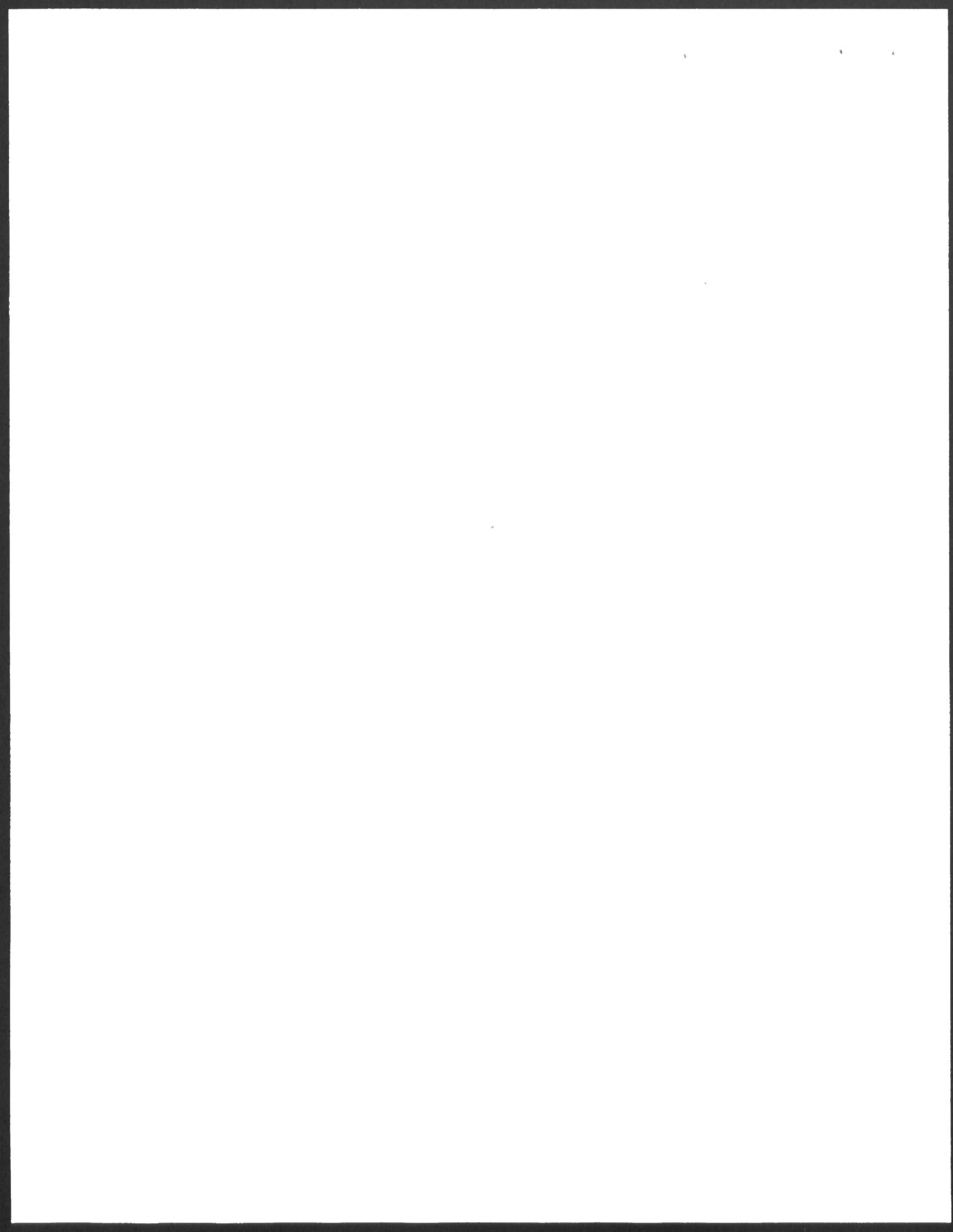
So, the issue is whether it is possible on the West Bank to make an arrangement which takes into account Israel's very justified security concerns and at the same time the right of self determination of the Arab populations. That is the tricky and very difficult problem.

MR. SCHORR: We're almost three months from the time that President Reagan launched his peace initiative with a proposal that involved some form of association with something on the West Bank, Arab and Jordan. King Hussein has been in Washington recently. If he's ready to sit down at the bargaining table there's been no open sign of it.

Do you think that the Reagan initiative is beginning to run out of steam?

DR. KISSINGER: I think the Reagan initiative is the most hopeful move that has been made in the negotiations in the Middle East for quite some time. The next move, however, has to be up to Hussein. Until Hussein steps forward with adequate Arab support there is really nothing we can ask the Israelis to do. It becomes a purely theoretical exercise.

And so the crucial next step forward is that of



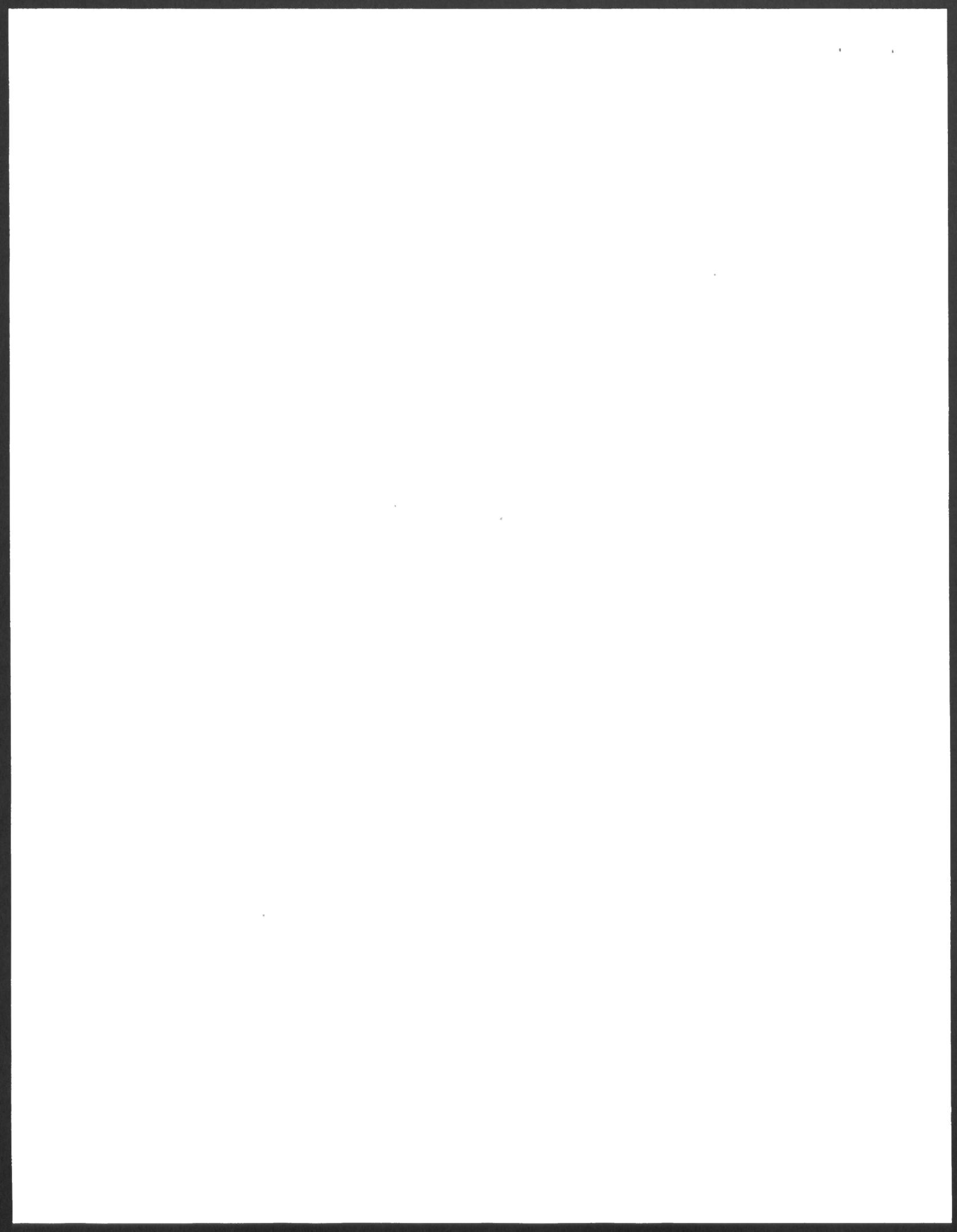
Husséin. If he doesn't step forward, if there is no interlocutor, then I fear the initiative will run out of steam and that will be a great pity.

MR. SCHORR: But do you see any sign that Hussein will step forward?

DR. KISSINGER: I think that Hussein is in a sort of a craft wise move trying to organize the Arab consensus that will enable him to step forward. He has to overcome the nostalgia of some of the Arabs that somehow in some undefined manner we might deliver their dearest wishes to them without any effort on their part, to use us as a sort of a "deus ex machina," that we'll do it all for them. We have to take away that illusion. We cannot be a substitute for an Arab negotiator. And once that becomes clear, I think that enough support will be forthcoming from Egypt, Saudi Arabia, Morocco, moderate states, to enable Jordan to step forward.

MR. SCHORR: If it is true, as reported, that Chancellor Kreisky, of Austria, has managed to bring together somebody from Israel, and the PLO, for what is described as the first time in history, do you think that's a good sign?

DR. KISSINGER: Well, it depends what role one assigns to the PLO in these negotiations. I believe that the best course in these negotiations is to make the PLO an Arab problem; that is, to make Hussein the negotiator for the Arab side for the return of Arab territory, and then Arab populations to Arab control. And then in the second phase to have a negotiation between the PLO and the Arabs about



the relative position of the various groups. I'm afraid that if an attempt is made to introduce the PLO into the negotiations now it will be an endless time wasting effort and it will not -- it will lead to a stalemate, and no progress at all.

MR. SCHORR: You are not pessimistic, you say, about the Reagan peace initiative, but --

DR. KISSINGER: I think it's the only possible way to proceed.

MR. SCHORR: Is there a time limit? How much time --

DR. KISSINGER: My guess is that if -- I would think that by next April, May, something must be in progress that one can say it's leading in a certain direction. It doesn't have to be completed, but there has to be a negotiating framework and some route of march. If that hasn't happened, then I'm afraid that the Reagan initiative will run out of steam, and then we're going to head into a period of, not immediately, but long term of crisis. Because then there's no obvious way out, and while Israel can maintain its position by military force for quite a few years, it cannot acquire legitimacy, and sooner or later something is going to happen to galvanize a crisis.

MR. SCHORR: So you believe also that Israel must trade territory for security or peace?

DR. KISSINGER: Yes. Not all of the territory. I think Israel has a right to ask for the narrow waist of the country in the '67 borders, for example, in which the country was only about eight miles wide, I think that is an intolerable situation under present circumstances. So Israel has every right to ask for adequate

security assurances on the West Bank and I think that is a reasonable Israeli request. But on the whole it should be in Israel's interest and in the world interest, and in our interest, that the larger, the majority of the Arab population, the overwhelming majority on the West Bank, not be governed by Israel. And that the million or so Arabs that live there get their own rule, or get under some Arab rule. Otherwise it will be the seed of an endless conflict.

MR. SCHORR: There are a great many other subjects to discuss. The next one will be East-West relations with the new Soviet leadership. We'll do that when we come back.

(Commercial announcements.)

MR. SCHORR: We're back with Dr. Henry Kissinger in a year-end tour of this vast horizon around us. Let's take this horizon now to the United States and the Soviet Union. One of the milestones of this past year was a change in leadership, the death of Leonid Brezhnev, and the accession of Yuri Andropov.

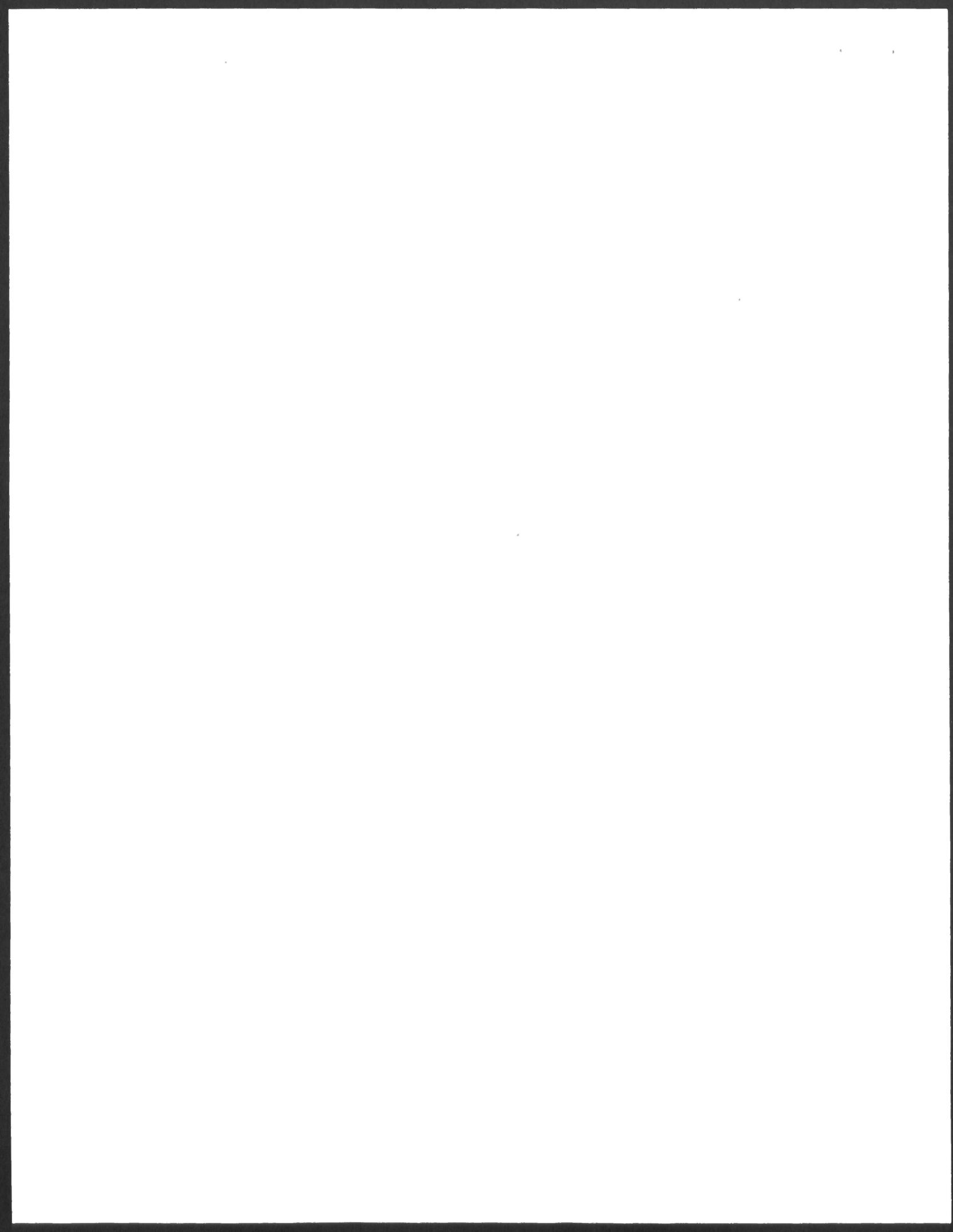
Former President Nixon recently said that the new leadership provides a window of opportunity for negotiation and that President Reagan should seize that opportunity for a summit session with Andropov. Do you agree with that?

DR. KISSINGER: Yes. I would not say a window of opportunity; I would say there is an opportunity to negotiate. I wouldn't say there's a specific time limit on it. But I would think that the United States and the Soviet Union, as nuclear super-powers, ought always to be negotiating, and the new leadership makes it possible

for the Soviet Union to move a little more rapidly than they have in the past.

MR. SCHORR: The Andropov regime has been there just for a short time now. There was an awful lot of information that appeared to be leaked in an effort to make him look very pro-Western, scotch drinking, reading Agatha Christie and all the rest of it. What, in terms, in objective terms, in terms of what Andropov has said and the way the regime has acted, leads you to think that there is a sign of change there?

DR. KISSINGER: I don't necessarily think that there is any sign of change in that sense. Most of the material that was put out must have been put out by the KGB which is an expert at this, and I think it's totally irrelevant to the problem of whether we can improve relations--or not whether he drinks scotch, listens to jazz music, or reads Agatha Christie novels is a matter of irrelevance to the question of war and peace and negotiations between East and West. Nor do I think that he has all that much, that any general secretary has all that much freedom of maneuver, because he has to deal with large established bureaucracies. But there are a number of interesting aspects. One is in the last three or four years of his life, Brezhnev obviously could not function more than three or four hours a day, and then probably not very actively. So the mere fact that you have a healthy man of obviously high intelligence in the leadership position adds a capacity for decision to the Soviet system that didn't exist before.



Secondly, and to me the most interesting aspect is this is the first general secretary of the Soviet Union whose major experience over the last 25 years or so has been outside the Communist Party structure. He has not been running large regional organizations or Communist Party organizations. He's been ambassador to Hungary. He's been in charge of foreign communist parties, and he has been head of the KGB for 15 years. That accounts for about 27 years of his experience. So he has had a totally different experience, and it must be a rather weird feeling for the regular party machinery to see this coalition of the KGB and the military taking over in the Soviet Union. One result of being head of the KGB has to be that he must have the best assessment of the outside world that is available in the Soviet Union. Now, how good that is, nobody knows. So for all of these reasons, I think that Andropov, he will be humanly, perhaps, less attracted than Brezhnev, however. I mean, Brezhnev was very emotional and sentimental. Andropov strikes me as cold, calculating, precise, but on the other hand, that is the best basis on which to deal with the Soviets anyway. And I believe our opportunity, indeed necessity, is to remove the East-West relation from the abstract debate between liberals, that they can be trusted, and conservatives, that they can't be trusted, into the realm of concrete issues. And that is the only way our people can understand what is at stake, and whether we are making progress.

MR. SCHORR: One of the impressions that was spread, perhaps by the KGB, was that Andropov had opposed the invasion

of Afghanistan, perhaps to leave the impression that he would be more inclined than Brezhnev to try to extricate the Soviet Union from Afghanistan.

DR. KISSINGER: Well, if the Soviet Union could extricate itself from Afghanistan, it would be a major move that would have tremendous psychological consequences. The problem seems to me to be that even if they wanted to extricate themselves, they probably would be very reluctant to give up the people that have been associated with them. That would be an absolutely unprecedented event in the history of the Soviet Union. And on the other hand, no outside power or groups of powers could assure them that these people can be maintained in place, because I don't think these Afghan insurgents--they won't bow to the Soviet Army, will not listen to Pakistan, Iran, the United States, or whoever else could be fielded to create a neutral regime.

From the American point of view, it would be perfectly satisfactory to go back to a sort of regime that existed before the revolution in 1978, I think it was, that was leaning towards the Soviet Union in foreign policy but maintained an independent state. Domestically we have no interest to get Afghanistan associated with our foreign policy. And if that could be arranged it would be a very, if a Finlandization of Afghanistan could be arranged, that would be a very good outcome. I am dubious that it's possible.

MR. SCHORR: Poland. I recall interviewing you perhaps more than a year ago, and it seemed, correct me if I'm wrong,

that there you wanted really very tough sanctions. You were not quite satisfied with what the Reagan administration was doing. Have we lost Poland, if Poland was ours to lose?

DR. KISSINGER: Well, I always thought that -- I was always convinced that the Soviet Union would suppress Solidarity one way or another. It is absolutely incompatible with the theory of a communist state that there's an independent organization, especially a labor organization, that has no relationship to the Communist Party and is in fact in opposition to some extent to the Communist Party.

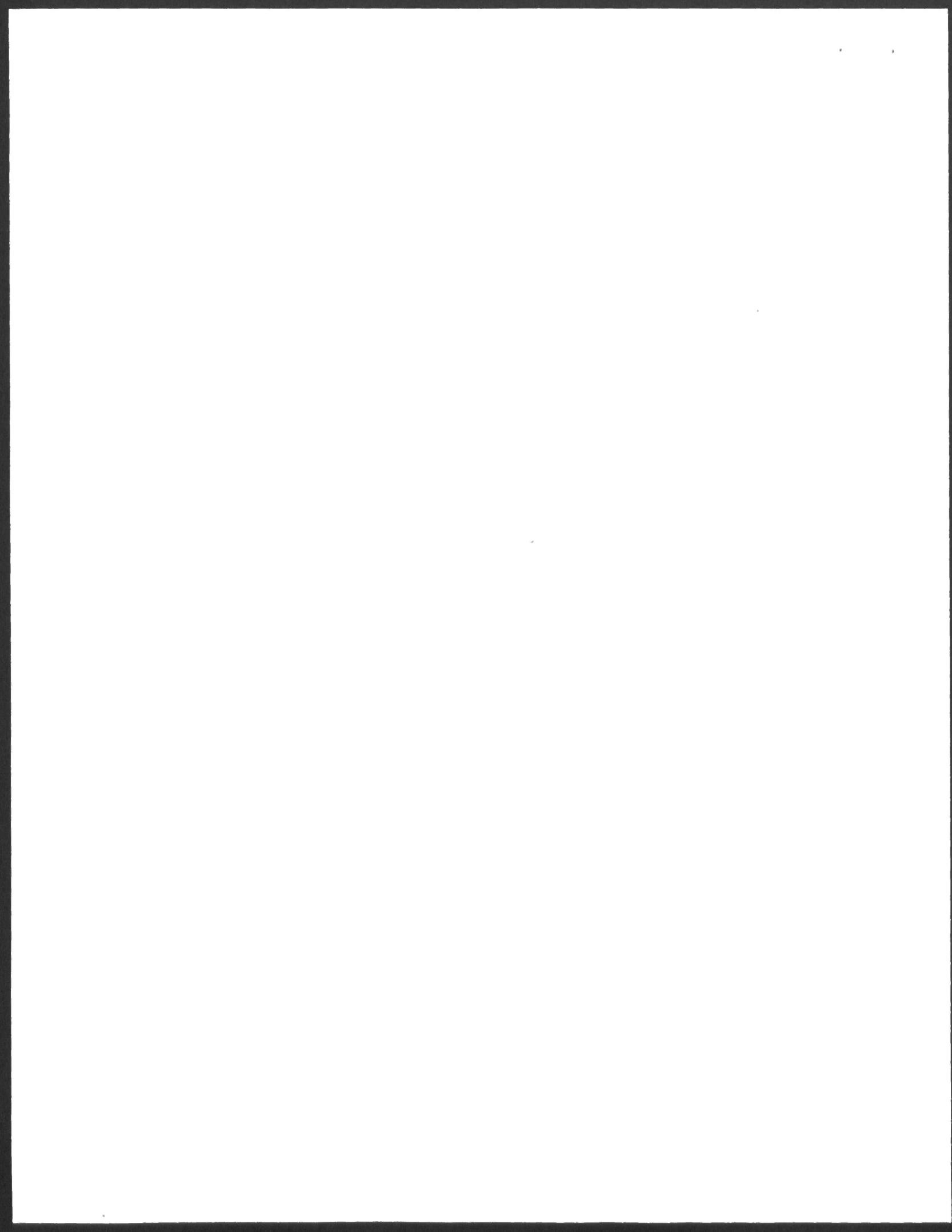
So, the outcome, I thought, was more or less fore-ordained. But I thought it was essential that the Soviet Union be made to pay a maximum price for the suppression of Polish liberty. And here was a conservative American administration, here were the Western allies who used to say Afghanistan is far away, but Poland is in Europe, and that they were not able to agree on anything, that all the diplomacy continued, that now people draw comfort from the fact that some Solidarity leaders are, at least, from internment.

MR. SCHORR: And others are not.

DR. KISSINGER: And others are not.

MR. SCHORR: And some are re-arrested.

DR. KISSINGER: And some are re-arrested. But the basic fact is that the easing of martial law is due to the fact that the Communists and the party have won. The government has won. It isn't due to the fact that they have suddenly become more humane. So



I thought that Poland was a kind of a moral weakening of all Western countries, and I think they should have made clearer their opposition to this course.

MR. SCHORR: One of the most intriguing stories to come up in the past few months are the reports based on what the Italians are finding out in the investigation of the attempted assassination of the Pope, of what's called the Bulgarian connection. And if there was a Bulgarian connection there must have been a KGB connection. If there was a KGB connection there must have been an Andropov connection. Is that credible?

DR. KISSINGER: Yes. I must say if you had asked me the week before the assassination whether it was conceivable, I would have said no. But I must say, Dick Helms, our CIA director, and a leading European intelligence expert told me six weeks after the assassination attempt that it had all the earmarks to them of a KGB operation. I think now if you ask yourself who benefited from it, and if you try to square the known facts, it really leads almost to no other conclusion. Here is a Turkish terrorist who suddenly shows up in Bulgaria, which is not a normal thing for a Turk to do; lives in the best hotel in Bulgaria; emerges with \$50,000 and a weapon; travels all over Europe. That cannot happen without the Bulgarian secret police. It's nonsense to say, as I read somewhere, that maybe something got away from the higher levels. That does not happen in Bulgaria.

MR. SCHORR: And if it was the Bulgarian secret service, could it

have --

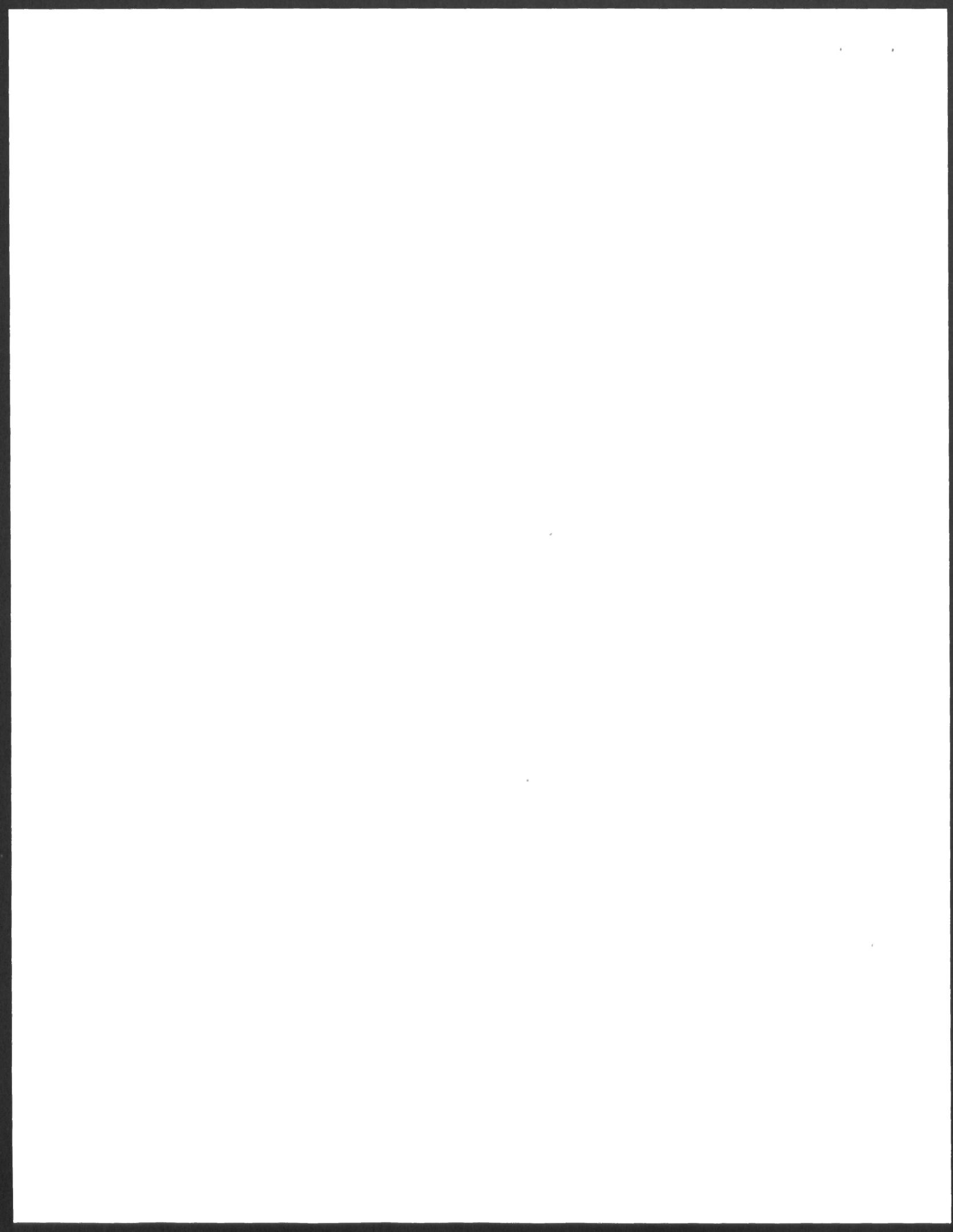
DR. KISSINGER: It would have to be the Soviets. The Bulgarians have no interest in coming after the Pope. Now one can say all right, this is a cold blooded customer. His purpose, if they did it, their purpose would have been to -- they must have concluded that they had to crush Solidarity. At that time, in May, 1981, they must have thought that the possibility existed that the Red Army, the Soviet army would have to come in. In that case, if there were a Polish Pope, who did what he was alleged to have threatened, namely, go to Poland and oppose them, that would be a formidable psychological problem for them.

MR. SCHORR: I want to ask you more on this very same subject and we'll continue on this, but I have to interrupt.

We'll be back.

(Commercial announcements.)

MR. SCHORR: We were talking with Dr. Kissinger about the attempted assassination of Pope John Paul in May of 1981, in the so called Bulgarian connection. Earlier you talked about the necessity of entering, engaging in negotiations with the Andropov regime. But if it turns out on investigation that it was the Bulgarian secret service, and therefore the KGB, and therefore Andropov, what does one do? Not say it in the way that President Eisenhower should not have said that he authorized the U-2 flights over the Soviet Union and maintained a fiction of normalcy? Or simply say we cannot deal with a man who wants to assassinate the Pope?



DR. KISSINGER: I don't think either. I take it that we will never know more than we know. And I think the evidence is fairly conclusive that probably the Bulgarians, and therefore the Soviets, and therefore Andropov had a hand in it. Now, our problem, we don't negotiate with the Soviets because we like them, nor do we negotiate with them because we think they're nice people. This went further than one would have thought, but the Soviets will ruthlessly pursue their own interests. Our problem is whether in a nuclear world the Soviets pursuing their interests, and we pursuing our interests, can ease the potential conflicts and reduce the danger of confrontation. That necessity exists. I don't think our governments should delude their publics about what we're up against, and I think we should not be afraid, maybe not at the presidential level, but we should not be afraid to say what we believe about the assassination attempt on the Pope. At the same time, we should, in a cold-blooded, precise manner be prepared to negotiate outstanding difficulties knowing that we're up against people who have a different value system, making those arrangements that we can verify and that we believe to be in our interest, and they will obviously make agreements that they believe are in their interest. So the problem is can any mutuality of interests be discovered, and I think it has to be.

MR. SCHORR: That's a foreign policy point of view. But there's a political reality in this country for President Reagan. Do you think that President Reagan can go to the American

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income. The document provides a detailed explanation of how to categorize these transactions and how to use a double-entry system to ensure that the books are balanced.

Next, the document covers the process of reconciling the accounts. It explains how to compare the company's records with the bank statements and how to identify and correct any discrepancies. This is a crucial step in ensuring that the financial statements are accurate and reliable. The document provides a step-by-step guide to this process, including how to prepare a reconciliation statement and how to use it to update the company's records.

The final part of the document discusses the preparation of financial statements. It explains how to use the records to calculate the company's profit and loss, assets, and liabilities. It provides a detailed explanation of how to prepare an income statement, a balance sheet, and a statement of cash flows. The document also discusses the importance of reviewing these statements and how to use them to make informed decisions about the company's financial future.

people if it is established, or even --

DR. KISSINGER: It won't be established.

MR. SCHORR: Or widely suspected, you don't think President Reagan has a political, domestic problem in dealing with --

DR. KISSINGER: I think President Reagan can do it better than anyone else because no one suspects him of being soft on Communism. Yes, because we also have a large peace movement. It's been demonstrated over the past few years that you cannot govern, and that you cannot run risks if your public suspects you of courting confrontation. And the road we have to find is between a form of, almost of appeasement by making peace the only objective, and a kind of intransigence which undermines the moral support of our public. And I think that the president has the obligation to put before the American public the middle road. Otherwise he will constantly be buffeted by events, and driven into proposals at the last moment to establish its bona fides, make an extreme statement here in one direction and an extreme one in the opposite direction. I don't think he has any choice. He may not perceive it that way, but in fact that will be what it will come down to.

MR. SCHORR: I'll have to interrupt here once again. We'll be back and go on to matters like arms control when we return.

(Commercial announcements.)

MR. SCHORR: Resuming our conversation, at the year end, with

Dr. Henry Kissinger. We were talking, and you were urging, that whatever may happen to exacerbate relations, still there are things that have to be negotiated between the United States and the Soviet Union, and I take it that first you would put arms control?

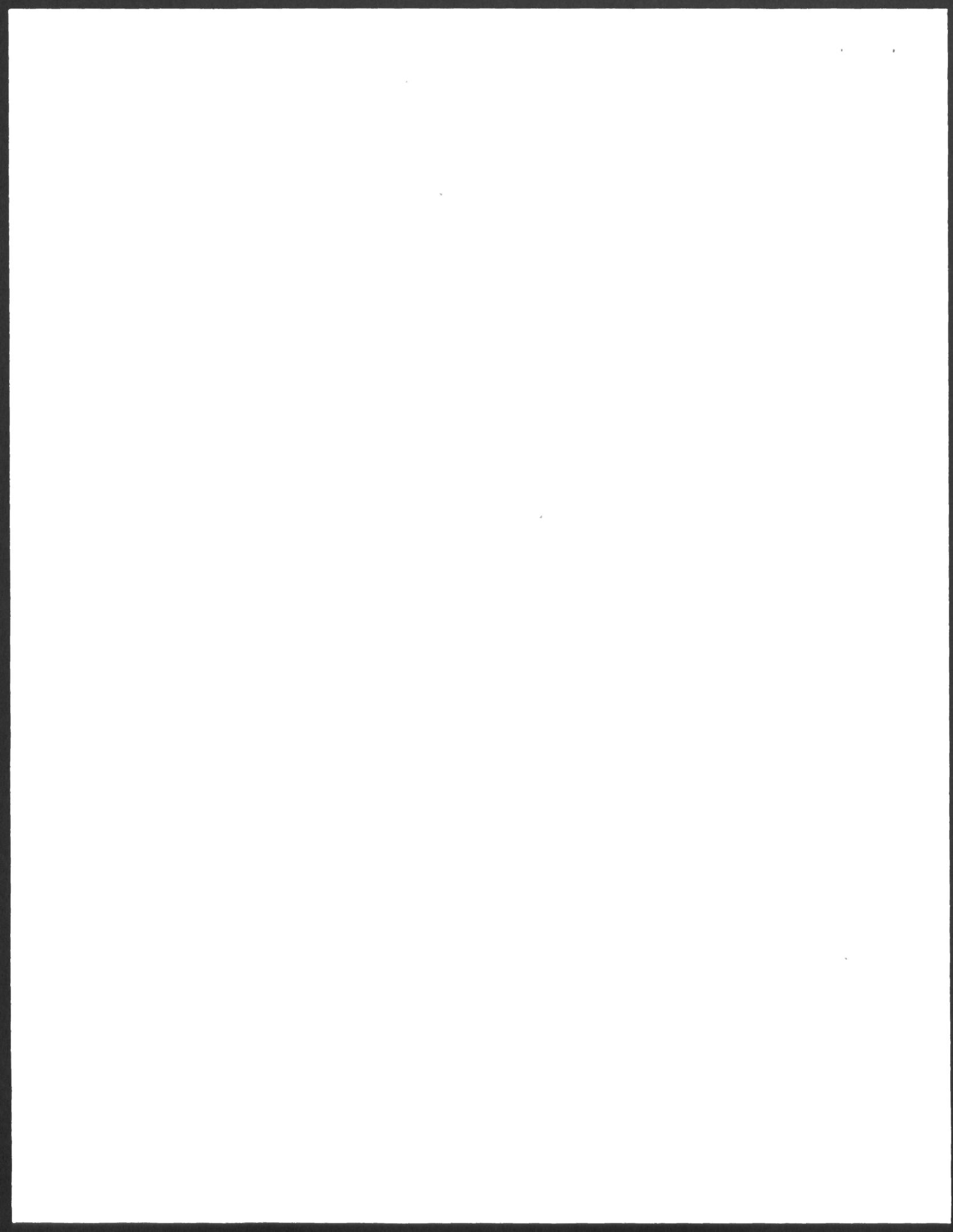
DR. KISSINGER: Certainly one of the important subjects. I also believe some code of conduct in international affairs. But let's -- you know, arms control is certainly one of the important subjects.

MR. SCHORR: Help me assess where we are on arms control. The president made a zero option proposal with regard to intermediate weapons in Europe, and then he made a proposal calling for deep cuts, but cuts in land based weapons, which then tended to be regarded by the Soviet Union as an unacceptable form to them. They come back now with a rather interesting proposal with regard to intermediate weapons, that they will come down to the number that France and Britain have.

Is all of this hard position on both sides leading no where, with a fight for simply the European public opinion in the center, or is this going somewhere?

DR. KISSINGER: There are two types, there are two negotiations going on. One about intermediate range missiles in Europe. The other one about strategic weapons. And you've correctly described them both.

At this stage I think we are in the feeling out process. We have proposed the so called zero option for the inter-



mediate range weapons in Europe, in which we will go down to zero and the Soviets would also go down to zero.

The Soviets have replied that they're willing to accept zero for us, and theoretically zero for themselves, except that they want to retain the same number of weapons as the British and French have combined. The same time there are a number of problems with the Soviet position. One is they accept no limitations on intermediate range missiles beyond the Urals. These missiles, however, are mobile, so they can be moved to threaten Europe.

MR. SCHORR: Are they supposed to be -- they don't say, are they trying to hint to us that those beyond the Urals are supposed to be targeted at China?

DR. KISSINGER: Well, that's what they -- yes, China and Japan.

MR. SCHORR: And Japan.

DR. KISSINGER: So it would create a major political problem for us with China and Japan if we said okay, move them out of Europe, and we won't put any into Europe if you move them out of Europe. So in short, I think the Soviet proposal, as it stands now, it's not acceptable. On the other hand, Andropov also said we will match missile for missile. Well, that, whatever that means, there is some room for maneuver, it seems to me, in which we agree, first of all on what should be counted, and secondly to establish some equivalence on a level lower than now exists.

It seems to me that the British and French forces belong more reasonably into the strategic arms negotiations, rather

than in the intermediate missile negotiations, if indeed they should be counted at all, because they are not of the same quality, the same accuracy, as the others. In the past they have not been counted in any of the negotiations.

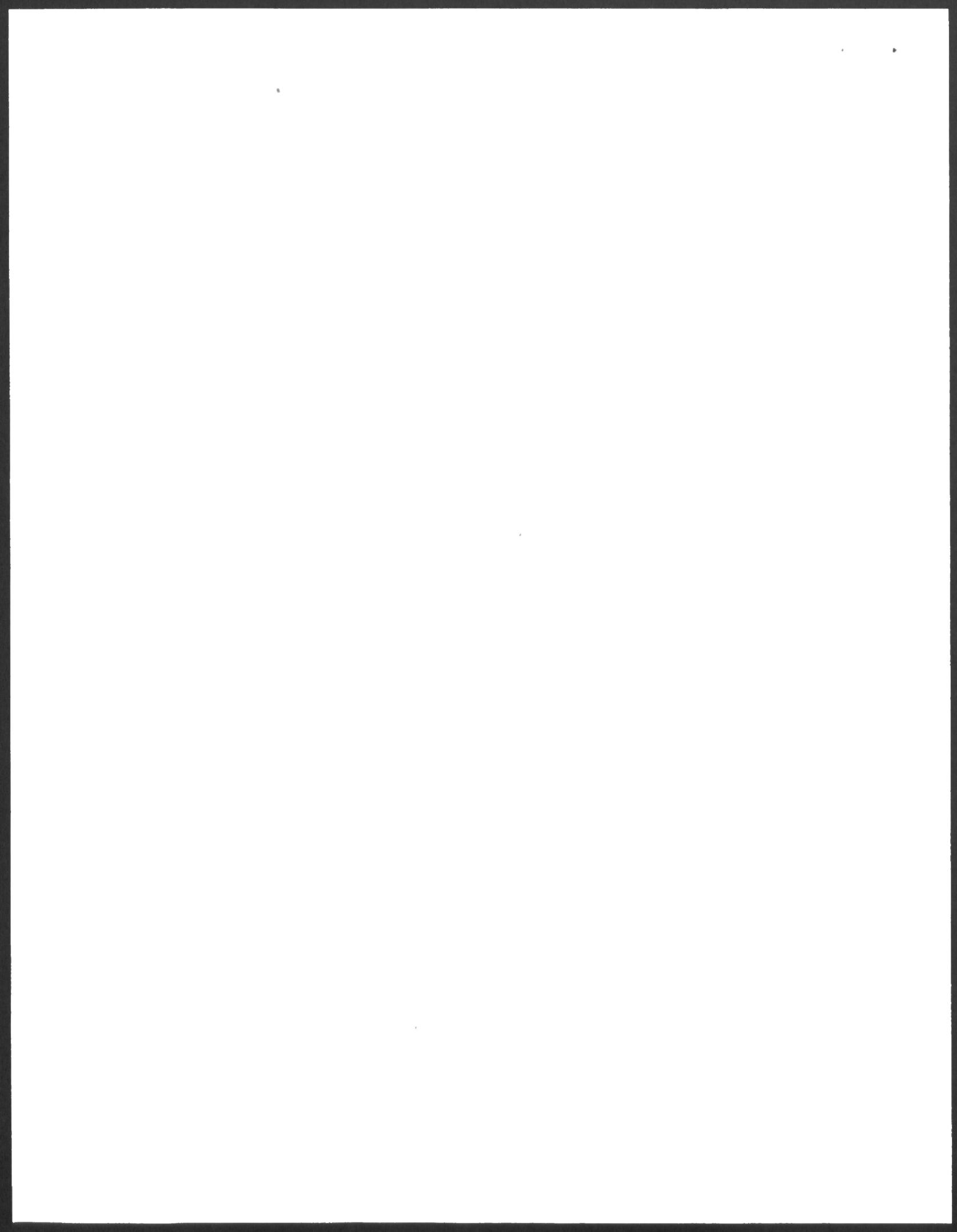
SALT II was negotiated, for example, without counting the British and French nuclear forces. I am of the view that we have a considerable opportunity to discuss arms control this year. And I think in fact we will succeed. I know all the signs are against it. But this is --

MR. SCHORR: You surprise me.

DR. KISSINGER: Well, it's one of these watershed years. I believe that the Soviets will probably wait for the German elections. If the German elections bring a result in which the Soviets calculate that there will be no deployment anyway, then the intermediate range missile negotiations in Europe are going to fail. But if, as a result of the German elections, there's a high probability that the deployment goes forward, then I think that we will hear some more reasonable proposals from the Soviet Union.

MR. SCHORR: On the intermediate side.

DR. KISSINGER: On the intermediate side. And then we have to make some decisions ourselves. On the strategic side, we're now in the curious position that the administration has called the SALT II agreement fatally flawed, has refused to ratify it, but is observing it. And as a result of this process, in fact, the Soviets have 300 missiles more than they would otherwise have, because they



are not dismantling the missiles they're supposed to dismantle under SALT II.

Now, the Soviets have proposed cutting the limits of SALT II to 1,800. But to lower them by 25 percent. The difference between the SALT proposal and our proposal, our current proposal, is we are counting warheads. We want to count warheads. The Soviets want to count, what the previous negotiations have counted, launchers. Now, it cannot be beyond the wit of man to find some formula by which these two positions are combined, and by which you translate launchers into warheads, or warheads into launchers, because that's what it amounts to --

MR. SCHORR: How about the problem of the U.S. position concentrating on the land based, which is the great majority of the Soviet missiles, and not wanting to do anything about Trident and other kinds of missiles which we have more of than the Soviets.

DR. KISSINGER: Actually, in our position, which has never been, so far as I know, analyzed publicly, that would be a very substantial cut in our sea-based force also. We have said there can be 2,500 warheads on land and 2,500 warheads at sea.

2,500 warheads at sea for us means that our submarine force would have to be reduced from 42 submarines to a maximum of 15, and maybe to ten if all we do is Trident. So it's a very big cut for us.

And I do not think that our current proposal has received adequate analysis in terms of the potential vulnerabilities it creates. I don't think it needs to be frozen in concrete.

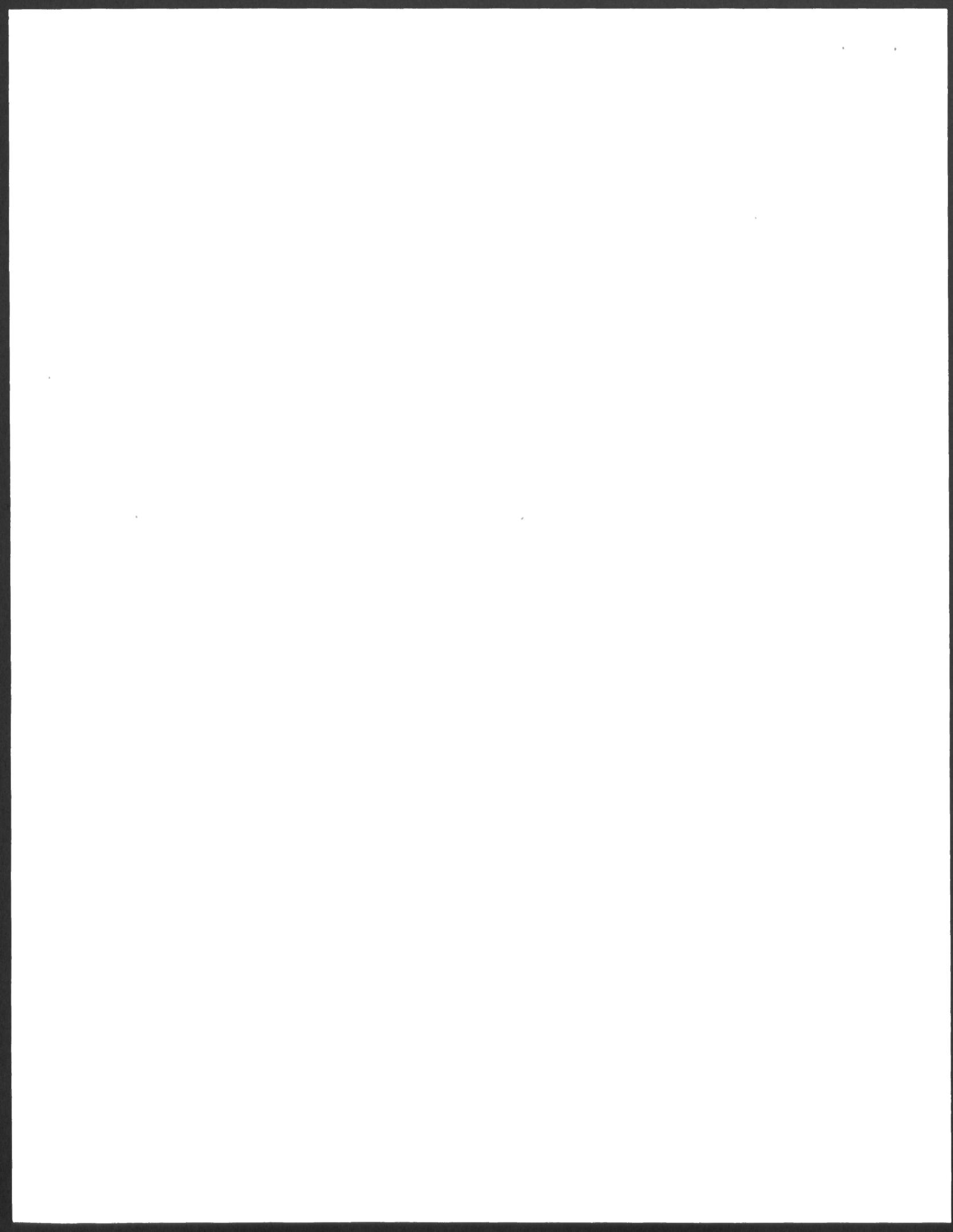
MR. SCHORR: Are you as optimistic about the prospects in 1983 for agreement on strategic weapons as you seem to be on the European weapons?

DR. KISSINGER: Yes. I am. I think that the difference -- especially on strategic weapons, the difference between the two sides is not so irreconcilable. Now, anybody who knows our government knows that we have not yet made a philosophical decision, that there are parts of our bureaucracy that really don't believe in these negotiations. The other part of the bureaucracy may believe in them too much, and so while they're fencing with each other there has not developed a philosophy that can be projected over a prolonged period of time to the American public.

But if you look at our proposal and at the Soviet proposal from -- these issues are so complicated that the ordinary citizen has great difficulty following them. But since launchers carry warheads, it cannot be beyond the wit of man to translate one into the other. And that's really what the present negotiating issue is.

MR. SCHORR: Is the nuclear freeze pressure useful, or is it simply communist manipulated as President Reagan seems to think?

DR. KISSINGER: I do not think it is useful, and I do not think it is communist manipulated. I see very many serious people who are very worried about current trends supporting the nuclear freeze movement. No doubt there are some communist groups that are



also taking advantage of it, especially in Europe. But I think serious people are behind the nuclear freeze movement.

The problem with the nuclear freeze movement is that if you analyze it, it gets you back to all the problems of the existing strategic arms negotiations. For example, what is it you're freezing? It looks simple, but once you get into definition of what is new and what is a modernization, if you go into the various, what technically are called --

MR. SCHORR: Let me interrupt. I really wanted to get into a short answer. I understand your objections to nuclear freeze as such. My real question was whether the pressure for nuclear freeze is not useful in maintaining pressure for arms control agreements.

DR. KISSINGER: The pressure for nuclear freeze shows that there are a lot of people who want to have something done. I'd prefer it if they wanted something done that I think is more useful.

MR. SCHORR: Right. We'll have to take a break. We'll be back. (Commercial announcements.)

MR. SCHORR: Returning to our conversation with Dr. Kissinger. We talk as though this is all -- East-West is a matter of relations between the United States and the Soviet Union, the two great superpowers. But of course in the middle there is Europe. There is the Western alliance, which in the past year has had a rather rocky time, what with sanctions, pipeline problems and all the rest. Look back on this year. Has it been a good year for

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the alliance?

DR. KISSINGER: No, it hasn't been a good year for the alliance, because it has avoided facing almost all of its fundamental problems. Even the problems that got solved, like the pipeline, maybe shouldn't have been raised to begin with.

MR. SCHORR: That was a mistake?

DR. KISSINGER: It was probably a mistake to raise it. It was a mistake to raise it when it was raised and in the manner in which it was raised. I was in favor of sanctions against the Soviets, but to string it six months after the event made it lose its significance, and right after the European -- the economic summit meeting.

But the fundamental problem in the alliance is that we don't agree, or not sufficiently on military strategy. We don't agree on how to conduct East-West trade. We don't agree on how to conduct diplomacy outside the NATO alliance. And if these disagreements continue to fester, then sooner or later it will be very difficult to maintain the military component.

So a revitalization of the alliance seems to me one of the big tasks for 1983, and I think that Secretary Shultz has already begun to make good progress in that direction.

MR. SCHORR: What is the progress? How would you describe it?

DR. KISSINGER: Well, I think he settled the pipeline issue.

MR. SCHORR: Gracefully withdrew the Reagan administration from the sanctions.

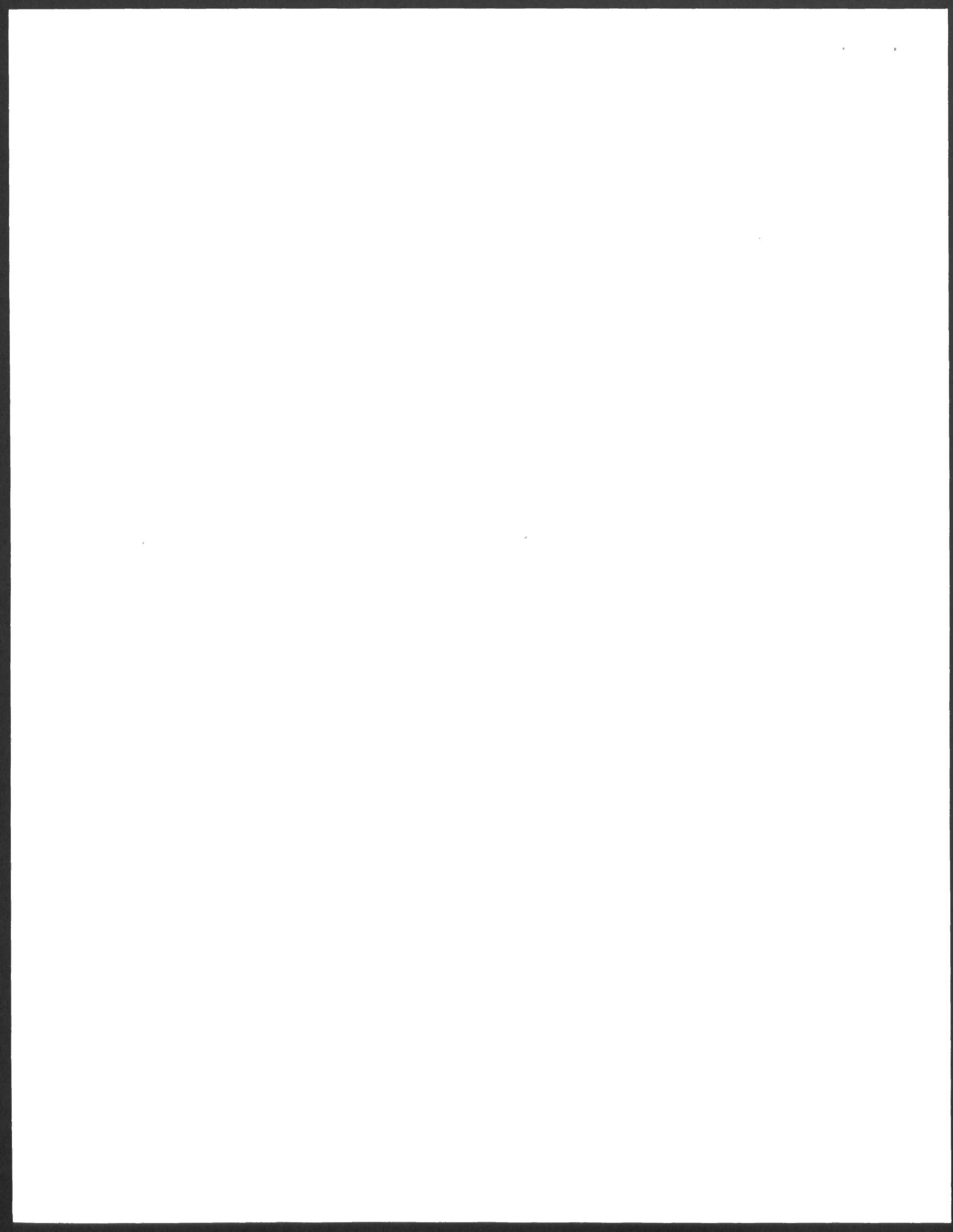
DR. KISSINGER: He's calmed down the intensity of the dialogue. He's begun serious discussions with the French, and with other allies, and the consensus of all the leading Europeans was that Secretary Shultz's trip to Europe was a very big success.

MR. SCHORR: However, the-whole premise for the way the United States treats the alliance is a premise that the Soviet Union can be put under pressure, and that its conduct can be regulated if we simply deny them enough in the way of high tech items. Let's leave out the grain which they're not going to deny them. Is it possible, even if the French and the Germans and the British were willing to change the conduct of the Soviet Union by simply changing our trade policies?

DR. KISSINGER: I don't think that it's possible to get -- it depends what one wants from the Soviet Union. No amount of pressure is going to make the Soviet Union change its political system. But on the other hand --

MR. SCHORR: But yes, we want them out of Afghanistan. We want them to relieve the pressure in Poland, and we'd like them to have some respect for human rights within the Soviet Union. That's basically what President Reagan says we want from them.

DR. KISSINGER: I think that the first objective we should seek to achieve from the Soviet Union is restrained international conduct. That is to say, not to support guerilla movements all over the world, not to challenge the interests of the industrial democracies in every corner of the globe. If we can achieve that



much, it would calm down the situation substantially.

MR. SCHORR: Can they do that without changing their political system, which calls for them to support revolutions --

DR. KISSINGER: That, I think they can do --

MR. SCHORR: Wherever they happen?

DR. KISSINGER: That they can do without changing their political system. And I think we want some substantial mutual disarmament so that the threat that is overhanging the world in these large military forces is reduced. Those two objectives, the other objective which you mentioned are desirable. But if we don't -- can't achieve those two objectives, we are, in effect, supporting the Soviet military machine and the Soviet subversive machine. Even then I think the issue of East-West trade ought to be analyzed in its components, the part of it that's commercially justifiable, the part of it that's subsidized by credits, the part of it that gives them advantages in military technology that they should not have while they are arming so frantically.

So I think a study and an agreement of the categories of trade that are possible, and the categories of trade that are dangerous would be a big step forward, plus an agreement of what we would be prepared to do assuming there were a substantial disarmament agreement. When I say we, all of us, together.

MR. SCHORR: Coming back to the alliance, it is reported, although denied, that the United States is thinking of removing U.S. Army headquarters from Stuttgart to England as though not con-

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income. The document provides a detailed explanation of how to categorize these transactions and how to use a double-entry system to maintain the accounting equation.

Next, the document covers the process of reconciling bank statements. It explains that this is a crucial step in verifying the accuracy of the cash account. The process involves comparing the bank's record of transactions with the company's records to identify any discrepancies. Common reasons for these discrepancies include bank errors, timing differences, and unrecorded transactions. The document provides a step-by-step guide to performing a bank reconciliation, including the use of a reconciliation form.

The third section of the document discusses the preparation of financial statements. It outlines the four main financial statements: the balance sheet, the income statement, the statement of retained earnings, and the cash flow statement. Each statement is described in detail, including its purpose and the information it provides. The document also explains how these statements are interrelated and how they provide a comprehensive view of the company's financial performance and position.

Finally, the document addresses the importance of internal controls. It explains that internal controls are designed to prevent and detect errors and fraud. The document provides a list of common internal control procedures, such as segregation of duties, authorization of transactions, and regular reconciliations. It emphasizes that a strong system of internal controls is essential for the reliability of the financial statements and the overall success of the business.

fident they can maintain them in Germany. Have you heard that?

DR. KISSINGER: I've heard it, but I don't know whether it's true.

MR. SCHORR: There seems to be renewed discussion for the first time since the Mansfield Amendment of reducing or pulling American troops out of Germany. What would that do?

DR. KISSINGER: I think that would be a very grave mistake, because I think it would -- in fact, the conventional forces in Europe ought to be strengthened, not necessarily the American forces, although the equipment should probably be strengthened, but all of the forces, so that if we start cutting our forces in Europe, the practical consequence will be to discourage the Europeans from strengthening theirs, and we would lock ourselves into a nuclear strategy which is the cause of 'so much public disquiet to begin with.

MR. SCHORR: You really believe that one must really strengthen the conventional forces and rely less on nuclear weapons?

DR. KISSINGER: I believe that we have to come up with a strategy, yes, that strengthens conventional forces, that reduces the fear that any conflict anywhere will automatically escalate into a nuclear war.

MR. SCHORR: We have a few more things to talk about, and a few more minutes to talk about those things, and we'll be back to talk about them.

(Commercial announcements.)

MR. SCHORR: We're back to conclude, I fear, I have to say, our

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The document further explains that proper record-keeping is essential for identifying trends, managing cash flow, and complying with tax regulations.

In the second section, the author provides a detailed overview of the accounting cycle. This cycle consists of eight steps: identifying the accounting entity, choosing the accounting method, analyzing and recording business transactions, adjusting entries, preparing trial balances, correcting errors, preparing financial statements, and closing the books. Each step is explained in detail, with examples provided to illustrate the process. The author stresses that following these steps in order is crucial for producing accurate and reliable financial information.

The third part of the document focuses on the classification of accounts. It distinguishes between assets, liabilities, and equity accounts, as well as revenue and expense accounts. The author explains how these accounts are used to track the financial performance of a business over time. It also discusses the importance of understanding the normal balances for each type of account and how they affect the accounting equation.

Finally, the document concludes with a summary of the key points discussed. It reiterates that a strong foundation in accounting principles is necessary for anyone involved in business management. The author encourages readers to practice the concepts discussed and to seek professional advice when needed to ensure the accuracy of their financial records.

conversation with Dr. Kissinger.

Dr. Kissinger, we've been around the world. Now let's come back to our own country, and Washington. It is an interesting fact that presidents seems to want some change in secretaries of state, at least a few of them have; that is to say that President Nixon went from Rogers to you; President Carter went from Vance to Muskie, and President Reagan has made a change.

Unlike President Nixon, we're happy with that -- let me say that President Reagan chose a less, rather than more flamboyant secretary of state than we had, but let us leave that out.

Can you assess the Shultz tenure so far? And how it differs from the Haig tenure in that office?

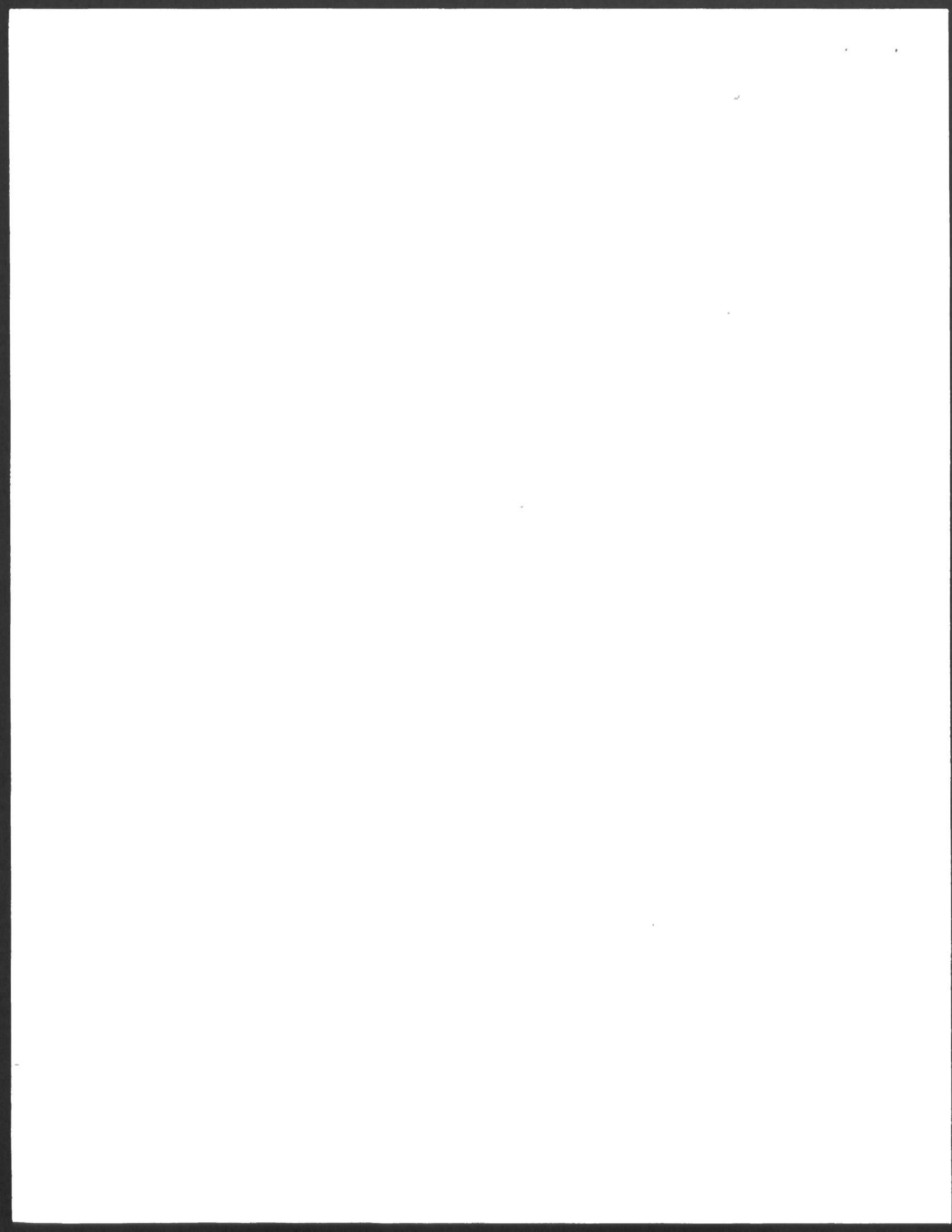
DR. KISSINGER: I have to begin by explaining that Shultz is a friend of mine of longstanding, so I am not all that objective about him. I wrote in my memoirs long before there was any thought of appointing him --

MR. SCHORR: I think you called him the very best civil servant --

DR. KISSINGER: Well, I said that if I could appoint one man to a sensitive position in this country, I would appoint George Shultz, and he has done nothing to make me change that judgment. He is a man of judicious temperament, considerable wisdom, strength of character, and he is a less flamboyant personality, as you pointed out, than Secretary Haig was.

MR. SCHORR: But not very experienced in foreign affairs.

DR. KISSINGER: He is not experienced in foreign affairs, and he



would be the first to admit it.

On the other hand, he's approaching foreign affairs in a very systematic manner. He does not get in beyond his head, he has these seminar groups that meet every two or three weeks on different subjects, in which he collects people from all over the country and he spends a day or more listening to them before he formulates his policies. He's been very sure footed in the individual problems he has tackled. He has not yet had the time and probably not the opportunity to come forward with an over-arching design. But I have great confidence in him.

MR. SCHORR: Do you think he's capable? Some say that he is the negotiator, back to his days as secretary of labor, that he negotiates; he weighs things, and tries to find a balance between them, but has no over-arching conceptual view of it of his own.

DR. KISSINGER: Well, he has not, in the past, dealt with foreign policy. So it's very difficult to say whether he will or not. In my experience with him, and he was dealing mostly with economic questions, he, the impressive thing was that he always tried to get to the essence of the problem and not lose himself in tactical issues. And from what I've seen in his conduct of foreign policy, that seems to be his approach. Can he crystalize an overall strategy? Well, nobody knows until he's done it. I have great confidence in him.

MR. SCHORR: What went wrong with Haig? You knew Haig very well.

DR. KISSINGER: I knew Haig. I thought he was -- and I still do --

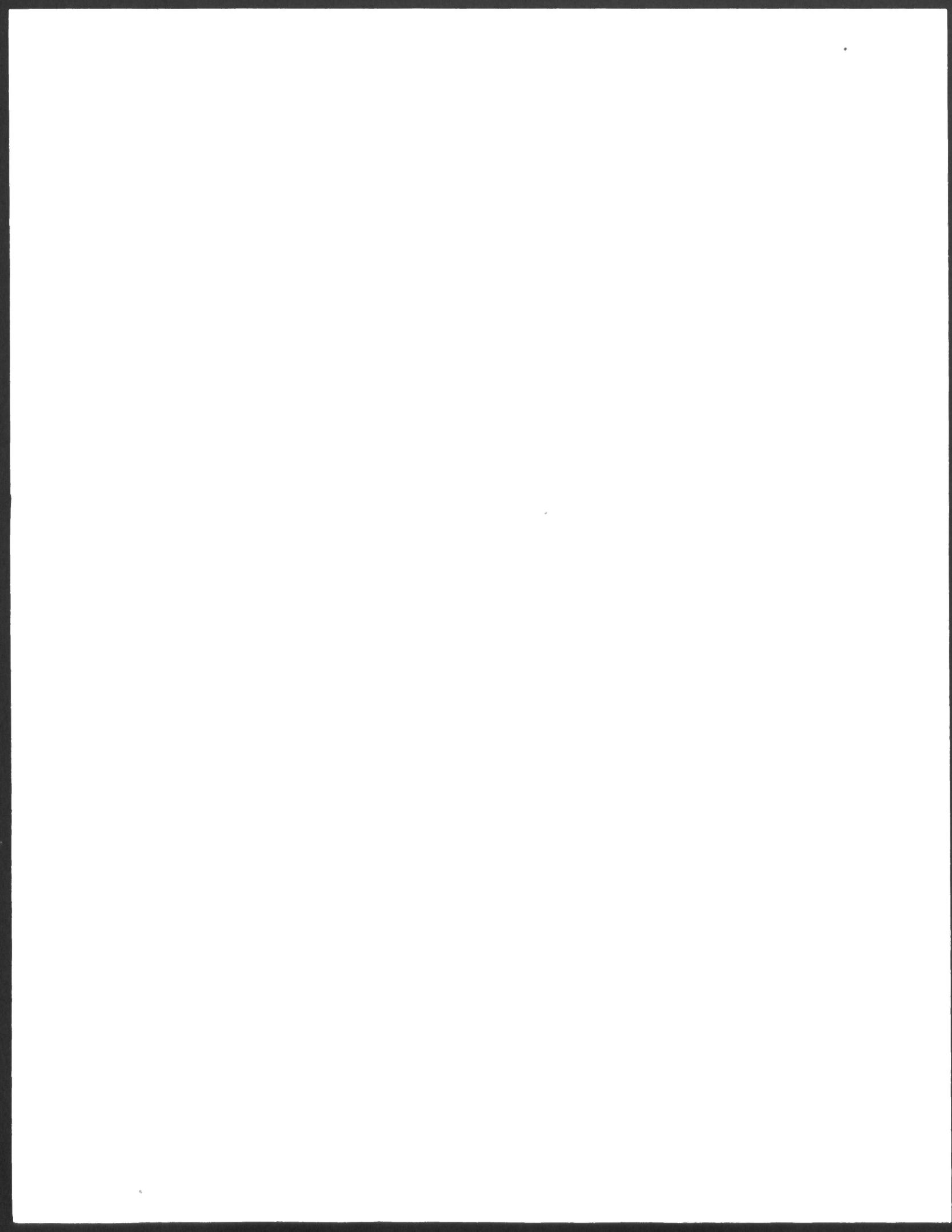
he was a great patriot, he was absolutely indispensable to me as a deputy. He was very efficient as a deputy. As secretary of state, I think his general policy views were correct. He got himself into a situation that I could not, would not have predicted. You cannot function as secretary of state without a close relationship with the president. And you cannot be in constant competition with the White House. It's a competition that cannot be won, and should not be conducted. Whether it was his fault that he got into this conflict or whether it was the fault of the White House staff, as he believed, historians will have to sort out.

But what went wrong was that a competitive relationship developed between the White House and the State Department which, in the long term, made his tenure untenable.

MR. SCHORR: John Dean, who I saw recently, has a new book out, has seemed to have devoted himself to the obsession of trying to determine who was "Deep Throat" in the Nixon administration. And he has concluded, based on circumstantial evidence that it was Alexander Haig, and that it was Haig mainly in the period in which he was working for you in the National Security Council. Are you aware of Dean's argument on that?

DR. KISSINGER: I know of Dean's argument. It seems to me absolutely inconceivable. For one thing, Haig was out of the White House altogether between January and May 1973, when he wasn't my --

MR. SCHORR: That's right. But most of the things that happened



with Deep Throat and Bob Woodward --

DR. KISSINGER: Happened before?

MR. SCHORR: Happened before then.

DR. KISSINGER: But then I wonder how he knew so much about what was going on in Watergate, because that certainly didn't come through my office, and most of those revelations I read about I certainly wouldn't have known about.

MR. SCHORR: So you don't think that Haig could have been Deep Throat?

DR. KISSINGER: I don't believe it. That's inconceivable to me. That would be against any concept of honor, and decency. I cannot imagine that.

MR. SCHORR: Although Haig was ambitious, as they said of Caesar.

DR. KISSINGER: Well, Haig was ambitious, but for him to meet in garages with newsmen trying to undermine the president that he was serving. That seems to me really to go beyond any --

MR. SCHORR: We have just about a minute left. On any part of the world scene, would you make a prediction for the next year?

DR. KISSINGER: I believe that there is an unusual opportunity to make progress in negotiations. I think the world conditions favor American initiatives both in the fields we discussed, and in the field of getting the world economy started again. And if we do this then I think 1983 will be a very successful year.

MR. SCHORR: In your usual manner, you don't make a prediction.

You express a hope which shows that you remain very judicious.

Thank you, Dr. Kissinger. And on behalf of Dr. Kissinger and myself I'll take the opportunity to say Happy New Year from us to you out there. This is Daniel Schorr, CNN, for now in New York.

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